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The Credit World

The only monthly publication serving the entire field of Consumer Credit



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The CREDIT WORLD

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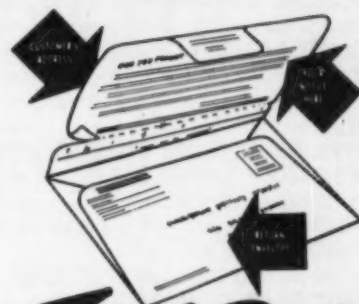
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Consumer Credit Outlook

THE STEADY GROWTH of instalment credit outstandings continued during November, although slowed somewhat by the steel strike. Outstanding **INSTALMENT CREDIT** increased \$375 million, seasonally adjusted, to a total of \$38.7 billion at November 30, 1959. Largest gains were recorded in automobile paper and personal loans.

NON-INSTALMENT CREDIT, seasonally adjusted, declined \$25 million from the previous month. At the end of November, total non-instalment credit outstanding amounted to \$11.7 billion.

TOTAL SHORT- AND INTERMEDIATE-TERM CONSUMER CREDIT increased by \$350 million, seasonally adjusted, at November 30, to reach a new all-time high of \$50.4 billion. Compared with the same period a year ago, this is an increase of \$6.4 billion.

The recent **REPORT OF THE JOINT ECONOMIC COMMITTEE OF CONGRESS** found much to be cheerful about in the present status of the economy, but predicted weak booms and continued inflation if the present economic policies remained unchanged. In the Committee's report on the general subject of **EMPLOYMENT, GROWTH AND PRICE LEVELS**, one of the staff's major recommendations for curbing inflation was "the enactment of consumer credit controls."

"Consumers are now committing about 15 cents out of each dollar of personal disposable income for credit purchases. Repayments are running at a rate equal to 13 cents," the report states. With the November increase in consumer credit reported by FRB, a new approach to regulation is being made in Congress. Senator Paul Douglas (D., Illinois), is heading the movement. Says Douglas, **"TO STRENGTHEN THE EFFECTIVENESS OF MONETARY POLICY, CONSUMER CREDIT CONTROLS SHOULD BE ENACTED.**" A slower rate of increase of consumer credit in the first years of a boom would eliminate one important source of economic instability."

INSTALMENT ACCOUNTS RECEIVABLE AT DEPARTMENT STORES increased four per cent during November. Payments on instalment accounts were 15 per cent of outstandings at the beginning of the month.

CHARGE ACCOUNT RECEIVABLES increased 11 per cent, with collections amounting to 48 per cent of outstandings at the beginning of the month.

Seasonally adjusted **DEPARTMENT STORE SALES** advanced slightly in November. The November index is estimated at 145 per cent of the 1947-49 average compared with 144 in October and 137 in November 1958.

MOST BUSINESS BAROMETERS today are far above their levels of ten years ago. The total physical output of goods and services in 1959, as measured by Gross National Product in constant dollars, is about 46 per cent higher than in 1949. After adjustment for population growth, the increase in output per capita is 23 per cent.

The Cleveland Trust Company's **BUSINESS BULLETIN** points out that "Based purely on the record of history, the present business boom is now somewhere in the middle-age bracket. Over the past century and a quarter the upward phase of the business cycle has usually lasted more than two years, and sometimes more than three. For the postwar upswings the respective time spans, as measured by Gross National Product, were 36 months in 1946-48; 48 months in 1949-53; and 39 months in 1954-57. The current rise to date is 21 months old. Though certainly not conclusive, this does furnish a sort of guidepost."

DR. GERTRUDE BANCROFT OF THE BUREAU OF LABOR STATISTICS reports that it is becoming socially correct for the wives of upper-income husbands to take jobs. She said that between 1940 and 1950 the participation of women in the labor force rose from 18 per cent to 26 per cent. The increase was greatest in most cases in the cities where the average earnings of men were highest.

Increased consumer spending and debt tended to **REDUCE THE RATE OF SAVINGS BY INDIVIDUALS** in the first nine months of 1959 states the Securities and Exchange Commission. During this period individuals saved \$12.4 billion, which is about two per cent less than in the like period of 1958 and 10 per cent less than 1957. At the same time, the S.E.C. said that **ALL FINANCIAL ASSETS OF INDIVIDUALS INCREASED BY \$24.9 BIL-**

Changes in Department Store Sales and Accounts Receivable

Item November 30, 1959	Percentage change from:	
	Month ago	Year ago
Sales during month: Total	+ 7	+ 5
Cash	+10	+ 4
Charge	+ 6	+ 5
Instalment	+ 3	+10
Accounts receivable, end of month:		
Charge	+11	+ 7
Instalment	+ 4	+16

Collection Ratios and Percentage Distribution of Sales

Item	Nov. 1959	Oct. 1959	Nov. 1958
Collection ratios: ¹			
Charge accounts	48	48	48
Instalment accounts	15	15	15
Percentage distribution of sales:			
Cash	43	42	43
Charge	42	43	43
Instalment	15	15	14

¹ Collections during month as a percentage of accounts receivable at beginning of month.

Short- and Intermediate-Term Consumer Credit Outstanding
(Estimates, in millions of dollars)

Type of Credit	Nov. 30, 1959	Charge during:		
		Nov.		Year ended Nov. 30, 1959
		Unadj.	Sea. Adj.	
Instalment credit, total	38,723	+302	+375	+5,401
Automobile paper	16,669	+ 10	+152	+2,505
Other consumer goods paper	9,687	+153	+ 61	+1,235
Repair and modernization loans	2,683	+ 30	+ 29	+ 349
Personal loans	9,684	+109	+133	+1,312
Noninstalment credit, total ¹	11,656	+205	- 25	+1,008
Single-payment loans	4,117	+ 67	- 36	+ 535
Charge accounts ¹	4,614	+ 89	- 18	+ 244
Service credit	2,925	+ 49	+ 29	+ 229
Total consumer credit ¹	50,379	+507	+350	+6,409

¹ Includes amounts outstanding on service station and miscellaneous credit-card accounts and home-heating oil accounts, which totaled \$391 million on November 30, 1959.

Consumer Instalment Credit, by Holder and Type of Credit

(Estimated amounts outstanding, in millions of dollars)

Type of credit and institution	Nov. 30, 1959	Increase or decrease during		
		Nov. 1959	Nov. 1958	Year ended Nov. 30 1959
Total	38,723	+302	+ 90	+5,401
Commercial banks	14,853	+ 36	+ 15	+2,193
Sales finance companies	10,117	+ 46	- 69	+1,409
Credit unions ¹	3,183	+ 40	+ 15	+ 553
Consumer finance companies ¹	3,622	+ 52	+ 7	+ 342
Other financial institutions	1,744	+ 27	+ 33	+ 242
Retail outlets ²	5,204	+101	+ 89	+ 662
Automobile paper	16,669	+ 10	- 90	+2,505
Commercial banks	7,344	+ 11	- 12	+1,205
Sales finance companies	7,388	- 18	- 82	+ 993
Other financial institutions	1,345	+ 18	+ 1	+ 213
Automobile dealers	592	- 1	+ 3	+ 94
Other consumer goods paper	9,687	+153	+107	+1,235
Commercial banks	2,513	+ 1	+ 8	+ 273
Sales finance companies	1,830	+ 42	+ 11	+ 259
Other financial institutions	732	+ 8	+ 2	+ 135
Department stores ³	2,045	+ 78	+ 58	+ 401
Furniture stores	1,107	+ 18	+ 14	+ 37
Household appliance stores	290	+ 4	- 1	0
Other retail outlets	1,170	+ 2	+ 15	+ 130
Repair and modernization loans⁴	2,683	+ 30	+ 36	+ 349
Commercial banks	1,928	+ 16	+ 20	+ 220
Sales finance companies	34	+ 1	0	+ 15
Other financial institutions	721	+ 13	+ 16	+ 114
Personal loans	9,684	+109	+ 37	+1,312
Commercial banks	3,068	+ 8	- 1	+ 495
Sales finance companies	865	+ 21	+ 2	+ 142
Other financial institutions	5,751	+ 80	+ 36	+ 675

¹ Estimates of loans at credit unions and consumer finance companies by type of credit are included with figures for other financial institutions.

² Figures by type of retail outlet are shown below under the relevant types of credit.

³ Includes mail-order houses.

⁴ The face amount of outstanding FHA Title I loans at the end of November is reported by the Federal Housing Authority to be \$1.787 billion, of which an estimated \$1,512 million is for consumer purposes and is included in the above.

LION in the first nine months. This is a record surpassing the previous high of \$20.7 billion for the same period in 1957. Financial assets of individuals have increased 40 per cent since the close of 1954 and now amount to an estimated \$926.3 billion at September 30, 1959 . . . slightly under a trillion dollars!

"CONSUMER INSTALMENT CREDIT WILL DOUBLE IN SIZE IN THE 1960's and will parallel a doubling in discretionary income," according to Alan S. Jeffrey, executive vice president, American Finance Conference, a national association of independent sales finance companies. Mr. Jeffrey estimates consumer instalment sales credit in the United States will rise from a current annual level of just under \$40 billion to about \$80 billion by 1970.

THE FEDERAL RESERVE BOARD is starting the first systematic rundown on the total amount of credit going into the stock market. The FRB is now asking all lenders—personal finance companies, factoring companies, credit unions, and individuals—to report on the funds they are lending for the purpose of buying or carrying securities other than U. S. Government bonds.

FORD MOTOR CREDIT COMPANY is reported to have entered the credit field in Indianapolis and Chicago. FMCC revealed that it will lend dealers money for floor planning at a five per cent rate. Its retail rate will be in line with that of other companies with a maximum repayment period of 36 months.

NATIONAL BELLAS HESS, INC. is offering its common stockholders rights to subscribe to \$5,318,800 of converti-

Consumer Instalment Credit Extended and Repaid, and Changes in Credit Outstanding

(In millions of dollars)

	Total	Auto- mobile paper	Other consumer goods paper	Repair and modern- ization loans	Personal loans
Without seasonal adjustment					
Credit extended					
1959—Nov.	3,928	1,313	1,172	175	1,268
—Oct.	4,185	1,564	1,198	190	1,233
1958—Nov.	3,374	1,103	1,050	169	1,052
Credit repaid					
1959—Nov.	3,626	1,303	1,019	145	1,159
—Oct.	3,726	1,375	1,054	150	1,147
1958—Nov.	3,284	1,193	943	133	1,015
Seasonally adjusted*					
Credit extended					
1959—Nov.	4,076	1,463	1,131	171	1,311
—Oct.	4,212	1,619	1,123	173	1,297
1958—Nov.	3,615	1,274	1,037	170	1,134
Credit repaid					
1959—Nov.	3,701	1,311	1,070	142	1,178
—Oct.	3,700	1,341	1,051	147	1,161
1958—Nov.	3,468	1,248	1,008	135	1,077
Changes in outstanding credit, seasonally adjusted¹					
1959—Nov.	+375	+152	+ 61	+29	+133
—Oct.	+512	+278	+ 72	+26	+136
3rd qtr. monthly av. ²	+503	+210	+119	+32	+142
2nd qtr. monthly av.	+465	+218	+136	+33	+ 78
1st qtr. monthly av. ²	+362	+172	+ 94	+21	+ 75
1958—4th qtr. monthly av.	+164	+ 34	+ 33	+27	+ 70
3rd qtr. monthly av.	- 10	-134	+ 37	+25	+ 62

¹ Seasonally adjusted changes in outstanding derived by subtracting credit repaid from credit extended.

² Changes do not reflect the incorporation of figures for amounts outstanding for Alaska and Hawaii in January and August, respectively.

NOTE: Estimates of instalment credit extended and repaid are based on information from accounting records of retail outlets and financial institutions and include finance, insurance, and other charges covered by the instalment contract. Renewals and refinancing of loans, repurchases or resales of instalment paper, and certain other transactions may increase the amount of both credit extended and credit repaid without adding to the amount of credit outstanding.

* Includes adjustment for differences in trading days.

ble subordinated debentures. Proceeds will be used for various purposes, including the increase of inventories and to finance the company's investment in its **NEW MEMBERSHIP DISCOUNT** department store operations.

LOOK MAGAZINE recently commissioned Dr. George Gallup's Institute of Public Opinion to conduct a nationwide survey of the mood of America today. Some findings: "People in all parts of the country look forward with confidence to peace and prosperity; Education is regarded as more important than hard work in achieving success in life; Big labor is feared more than either big business or big government; Rising prices and high taxes are taken for granted; Farmers are the only major group to be worried about the future; and Teen-age opinions and attitudes differ very little from those of adults."

"POVERTY IS BECOMING RARER AMONG AMERICANS," writes Dr. Robert J. Lampman, University of Wisconsin, in his study for the Joint Economic Committee of Congress. About 26 per cent of the nation's people were classed as **LOW INCOME** population in 1947. By 1957, this had declined to 19 per cent. Professor Lampman predicts this will drop to ten to 12 per cent by 1977. Low-income persons were defined as those with individual incomes under \$1,157 yearly or in four-person families with incomes under \$2,500 per year.

Representative Joseph W. Barr (D., Indiana), says that "A nationwide belt tightening aimed at reducing individual consumer debt is likely to get started next year." **HE SEES THE AVERAGE AMERICAN FAMILY CUTTING**

BACK ON ITS INSTALMENT BUYING VOLUNTARILY as they did in 1950, 1953, and 1955.

CREDIT IN SWEDEN IS UNIQUE. A central system of credit control, in which the use of I.B.M. punched cards enables members of the system to keep the central record updated at all times, is maintained in Stockholm, Sweden, for the benefit of stores, finance companies and other retail credit institutions in that country. Whenever a member of the system receives a credit application, an I.B.M. card is punched giving the name and other identification of the customer, as well as details of the nature of the account, the terms and amount of credit involved. This card is sent, together with a duplicate copy, to the central bureau, where the file records of the customer showing previous credit inquiries and history are added to the new form in duplicate. The original is then filed to replace the previous card, which is destroyed, and the duplicate is returned to the inquiring member as a report.

A FEDERAL RESERVE BOARD SURVEY finds that almost six out of ten American non-farm families (58 per cent) own their own homes. This is a marked increase over the 51 per cent reported in 1949.

ALDENS, INC., Chicago mail order house, has arranged to borrow \$23 million from a group of insurance companies through promissory notes. Of that \$23 million, \$18 million represents new financing by Aldens and \$5 million is refunding of an existing loan. The new money will be used to finance the company's credit sales, although initially it will be used to repurchase accounts receivables which were previously sold to a group of banks, and to retire short-term bank loans.

The rapid growth of **RETAIL TRADE IN SUBURBAN AREAS** reflects the population trends of the present decade. Growth at an annual rate averaging about 3.7 per cent is almost three times the rate of growth of the larger cities and more than double that for the country as a whole, according to the Metropolitan Life Insurance Company. Areas outside the cities in the West show the largest gains.

THE AMERICAN DOLLAR is worth less today than at

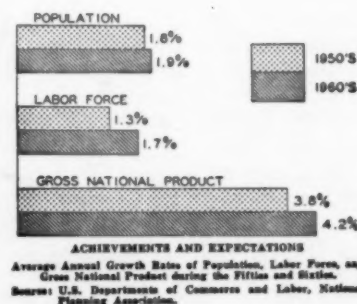
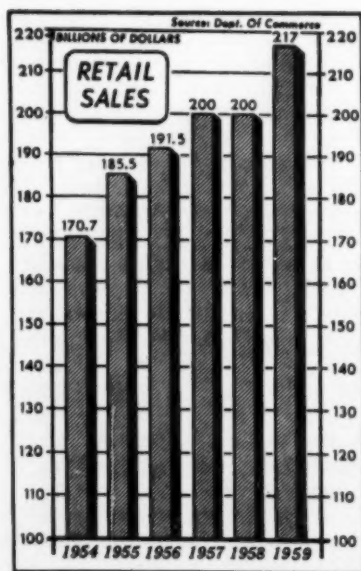
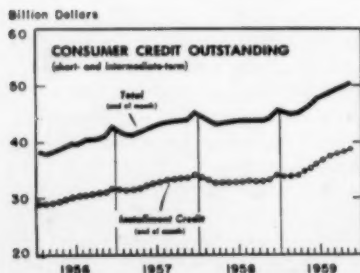
any time in history, notes the Washington Report. In the Twentieth Century, the purchasing power of the dollar has dropped from 100 cents in 1900 to 29 cents in 1959. The value of savings, pensions, and insurance has dropped accordingly.

THE DELINQUENCY PERCENTAGES IN ALL CLASSES OF INSTALMENT CREDIT have been increasing steadily during the past few months. Labor difficulties have definitely contributed to this situation. However, the Instalment Credit Commission of the American Bankers Association says that "there is no concern expressed, inasmuch as this condition is expected to correct itself during the next few months."

MEDICAL CREDIT cards meet stiff resistance from doctors. The American Medical Association denied approval of a Phoenix, Arizona, group which seeks to promote a plan that would cost patients \$10.00 yearly for a credit card. "Medical care is one of the few remaining professional services which is provided on a basis of need rather than on a credit rating," says the Maricopa County (Phoenix) Medical Society.

As submitted to Congress, **THE BUDGET FOR FISCAL 1961**, ending in June, 1961, places spending at \$79.8 billion, and receipts at \$84.0 billion. The **EXPENDITURES** estimate is \$1.4 billion higher than the expected total for the current fiscal year. The **RECEIPTS** estimate is \$5.4 billion higher. **THE ANTICIPATED BUDGET SURPLUS** of \$4.2 billion in fiscal 1961 is larger than any actual surplus since 1948. In the 1961 budget, almost every major category of government spending is raised in some degree over the previous budget. Last year, cutbacks were budgeted in most major classifications. The increase in **RECEIPTS** is premised on a continuation of the upturn in business. Individual income taxes are expected to rise \$3.4 billion and corporate income taxes \$1.3 billion.

DISCRETIONARY INCOME rose \$2.4 billion in the fourth quarter of 1959 (seasonally adjusted annual rate), following a \$4-billion decline in the third quarter, according to The National Industrial Conference Board's preliminary estimates.



Promoting Credit Sales

J. A. WHITE

Credit Sales Manager, The Fair, Chicago, Illinois

Past President, National Retail Credit Association

Co-General Chairman, 46th Annual International Consumer Credit Conference



NOT TOO MANY years ago, the major function of a credit man was protective "to tell the good guys from the bad guys." But that function is dwarfed nowadays by his importance as a creative and productive promotional executive. It is no longer just a protective measure, a necessary evil in an existing business; but it is looked upon as a vital, and too often untapped source of good will, new customers and general business expansion. This wider concept is good for business, and for the credit man who is creative, for he or his company will never be in danger of standing still.

I am taking the liberty of transposing a couple of words in my assigned subject, Promoting Credit Sales, so that it is, instead, "developing more business from credit," or how people responsible for the credit operation can make a greater contribution to the over-all successful operation of your business. Too often all of us are so concerned with carrying out the daily routine of our specific jobs that we fail to relate them to the whole and by just such simple twisting of words in a sentence, we can greatly enlarge our perspective, help our businesses, and, along with that, help ourselves.

Today, the major concern of every retail business is to maintain a good rate of profit. I recently heard it said, "that if more retail executives would substitute the word 'profits' for the word 'sales' in their thinking and their planning, more of us would come much closer to our objectives!"

Instead of saying, "Will this ad produce sales?" you say, "Will this ad bring us some profits?" you will scrutinize the item to be advertised far more closely. Of course we cannot make money without sales, so sales it must bring. But it is important to have some previous assurance that its markup will cover delivery costs, advertising costs, selling costs and that it will bring traffic so that your unadvertised goods in other sections will also sell. Would you ask yourself *all* those questions if you were considering only the sales possibilities of an item? I doubt it.

Management is, therefore, today

looking to every department, both sales and sales-supporting, for every bit of profit that can be squeezed from it. And most managements have sound reason for believing there is a greater unexploited potential in the credit department than anywhere else.

Admitting that problems promote progress, and that most retailers' immediate problem is how to increase profits, or even maintain them, where do you come in, and what can you contribute? I will put it a little differently. As people responsible for the credit function, one of the real profit potentials of a retail store today, are you part of the problem, or are you part of the answer? Is it possible that from the customer's point of view, you might be part of the problem? I am sure that from the management's point of view, you can very well become and must become part of the answer!

How much have we tried to know about our customer? Or how much opportunity have we given her to tell us what she thinks about us? A rather interesting survey came to my attention recently, made by the research division of one of the major advertising agencies. It had to do with suburban stores, transportation habits and shopping hours. One of the questions asked several thousand women was whether any major store had written them asking for criticism or suggestions regarding the way they conducted their business. Ninety-three per cent answered "No." Are we afraid of knowing what we do wrong? Or do we know, and just not want to be told? If we know, why are we not taking steps to correct those situations? You do not always get critical answers, either! A recent one received by us in answer to a letter we wrote inviting inactive customers to tell us why they were not using their account read as follows:

"Mrs. T. has asked me to reply to your recent letter inquiring about the non-use of our charge account. You certainly are entitled to an explanatory reply; we realize that it has suffered neglect in recent years.

"The explanation is rather simple: We are getting along to the age at which our needs are fairly simple—especially

in the lines of furnishings and equipment in which we were more accustomed to The Fair. Also neither she nor I make very frequent visits to the "wicked city"—no more often than necessary. We do, now and then, get to Oak Park, and into your store there, where more often than not, we pay cash.

"We haven't forgotten The Fair."

Find out what people like about you, and do more of it. Find out what they do not like about you, and do less of it. It is as simple as that! But let us get back to that background knowledge about our customer. What is her attitude today toward credit?

There are some people who insist that they never need credit. If they do not have the money to buy what they want at the moment, they save until they can pay cash. They are rare birds and getting rarer. Most people find that there comes a time when their desire or need for a car, house, or what have you, is urgent enough to warrant buying it now and paying for it later.

I have not the slightest idea how many people today could be said to be absolutely free from debt and by that I mean debt incurred through instalment purchases, credit accounts, bank or finance company loans, stock trading and just monthly accounts with the butcher, the milkman, the grocer. Not many! And, if you consider that every citizen is responsible for a share in our national debt, even a newborn infant owes \$2,200.00 or thereabouts.

Someone said, "It's old-fashioned to worry about whether you can live within your income. About the best most of us can do today is live within our credit." There is a greater understanding on the part of more people today that without the credit function, we could not have enjoyed the degree of prosperity this great country has reached—that there must be a constantly revolving cycle of earning, saving, borrowing and investing for us to enjoy a sound economy.

Millions of people have found, just since the end of World War II, that the discriminate use of credit has helped raise their standard of living, elevated their tastes, made higher edu-

cation possible, and enabled them to broaden their horizons by travel. These people are for the most part in the middle and lower income groups, 90 per cent of the population actually, whose total income has been raised by some \$18 billion annually since 1939.

Many of them were unable to borrow previously. Most of them feel that a charge account is a tangible evidence of their elevation in society. Not all of them are good credit risks—but in an issue of *Nation's Business*, I found this: "Survey of major department stores shows 76 per cent of charge account customers pay on time. About 20 per cent let bills slide for 90 days. Nearly four per cent go longer, but pay in the end. Fewer than one per cent turn out to be deadbeats." Says one credit man: "We may have to tighten up on the 20 per cent and more on the four per cent but we are not worried."

Generally speaking, most people today realize that credit, whether they plan to use it or not, is a good thing to have. An emergency may force even the most principled of cash payers to go into debt. Nowadays it is not even considered faintly shocking to buy on the instalment plan or to make small loans in a bank!

The easy and comfortable life is what a large part of America is looking for these days. Can you imagine a manufacturer coming out with any new gadget that would make life more complicated?

Between the comfort a family wants, with all of its working functions made as easy as possible, and the prestige it covets, the buying public is very gullible. Advertising has contributed greatly to create desire and bring about action. It has done its job so well that folks who should be driving Fords are driving Pontiacs, and folks who should be driving no car at all are driving Lincolns!

This desire of an easy, comfortable life has led to lots of things, such as shopping centers. It is too uncomfortable these days to get on a crowded bus and ride for an hour to get to a downtown shop. Women slip a coat over a pair of slacks, and go in their cars to their nearest shopping center. Here they find most of the advantages of downtown shopping. Merchants have attracted them with beautiful

modern stores, good selections, delivery service in many cases, and—very important, credit privileges. They can park, usually, within a block from the shops. They are back home to get lunch for the children, or catch their favorite TV program, or dress for an afternoon of bridge. It's so much easier to shop this way. Again, easy does it!

Another thing this easy life has fostered, which is vital to this group, is an increase in the business done by mail and telephone. Wise merchants knowing this, have increased the advertising that goes directly into the home—with catalogues, monthly statement enclosures, house-to-house circulars, and many other forms of direct advertising. Coupons appear more frequently in ads, and mail and phone orders are invited. We do not have to be reminded that it costs less to handle mail and phone orders to charge customers than C.O.D.—and here is a very important reason for credit promotion.

Let us look at still another factor in today's living that provides good background knowledge for those interested in credit development. Never before in the history of our country have so many married women been employed. Some 55 per cent of all married women are working, according to statistics. All this extra income is not going into savings accounts, investments, or even rent. Much of it is making possible the second television set, the extra family car, the up-to-the-minute laundry equipment, deep-freeze, electric dishwasher and range, the sterling silver, the mink coat or stole, the air-conditioner.

Babies, too, change the picture. Around four million of them are arriving annually. How do bigger families affect our business? They need more furniture, clothing, cars, bigger homes, or rooms added to small ones. Many times incomes do not keep pace with family growth but expenses go on, and credit is appealing. Some wit recently wrote that with a 10 per cent increase in pay, many a family can well afford to go on living the way it has been!

In all phases of new business development through credit, these factors wield an influence. They help us to understand why people want and need credit, why there is such an

enormous potential in instalment buying, why stores must be competitive credit-wise as well as price-wise.

Do you make application for credit such an ordeal that people would rather pay cash than go through it? Do your interviewers act as though they are trying hard to find a way to say "no" rather than "yes," and do they show signs of understanding when a customer has trouble meeting her obligations? Does your adjustment department undo all the good your department has done by improper handling of complaints? Charge customers expect a little extra consideration and deserve it.

Do you make it difficult for a person to cash a check, even though he or she carries a charge account card? Is your authorizing system so obsolete or inefficient that a customer is aggravated by an unnecessary delay when she wants to take a charge purchase? Is a customer likely to be dissuaded from a credit relationship because your own sales help has found your department difficult and passes that feeling on unconsciously? Has a customer been justifiably annoyed because two people with whom she has dealt in the credit or selling department have given her two different sets of answers, due to the store's credit policies not being specifically defined and outlined in writing?

These are a few of situations, which could, conceivably, make a credit department operation part of the problem of store profits. Certainly these are the situations which make for dissatisfied customers, and every customer who carries a real or a fancied grievance against your store is a walking, talking advertisement against you. We have all spent many accounting hours and dollars trying to estimate the cost of opening a new charge account. I have seen figures ranging all the way from a few cents to \$10.00. But has anyone ever attempted to find out how much losing a customer costs the store?

Do you like the thought of a customer talking against you bitterly when she is playing bridge, or the neighbor drops in for a cup of coffee, or she's gossiping over the telephone or when he is commuting, or relaxing in the locker room at the club, or having a game of gin with the boys? Today we have to watch this sort of thing even more closely, because with some of our services of a lesser quality than we would wish, due to help problems, etc., these tales carried by irate customers tend to become more and more credible. Normally a person hearing a disgruntled customer relate some unpleasant episode might say, "But I've

Houston, Texas ordered two KITS for National Retail Credit Week

never had that happen to me in that store." Today, as we all know and regret things do happen which we are almost powerless many times to prevent.

Perhaps here is a good place to inject a few reminders of "How charge accounts help profits."

1. Delivery costs are reduced, particularly if you have a large number of mail and phone orders that would otherwise have to go C.O.D. Charge plates, too, reduce returns due to poorly written names and addresses.

2. Time is saved at point of sale. Two charge sales can be made while one C.O.D. is written, or a cash-send sale is made out.

3. Substantial "accounts receivable" each month help save interest payments on a store's own bank loans, because its "cash position" becomes a determinable factor. The store with a large charge business can stay out of the banks more, is in better position to buy advantageously in the market, and service charge income has contributed to this situation.

4. Adjustments on charge account complaints are more quickly and economically made.

Naturally, all of you will be able to fill in many more money-saving benefits of a healthy credit business.

Increased credit business comes, usually, from sources so close to us that we may overlook their full import; specifically, our customer. To sell customers more is easier and less costly than to get that same increase in business from strangers. Of these your number one group is your active customer. Why? Because her account is active, which means she enjoys doing business with you, she is satisfied with your merchandise, and the service you give. She is the walking, talking, advertisement for you! She may have been doing business with you for many years or she may be the daughter or granddaughter of some of your earliest customers. She is the one to whom you can sell more most easily, such good will and loyalty is one of the store's most precious assets, and money spent to preserve her business as well as to build with it, is money well invested.

This investment should take the form of research into the credit and buying habits of these customers, if you want them to be the source of increased sales. From such a study can be determined whether she is your full-line customer, or favors just one type of merchandise in your store. If, for example, she buys home furnishings only, you will ask, "Where does she buy the apparel for her family?" If she pays \$47.50 for a hat, why does she not go into your better-dress de-

partment and pay a proportionate price for a dress? You can be a valuable help to the merchandise manager as well as the customer with this information, and you are the only one who can supply it! Direct-mail campaigns aimed at these customers, to bring them news about the items they are not buying, are always productive. With modern-day mailing machines and tabulators, it is not difficult to make such mailings. Remember, your own best customers make the hottest prospects for your competitors—so you want to do a complete store selling job!

Your second largest source of additional business, in which the credit department offers such great opportunities, is your former customers who, for one reason or another, have drifted from you. Do you know how many inactive accounts you have? Do you know why you lost that business, where it has gone? Have you a desire to get it back, and would you know how to go about it? Here is where professional counsel, backed by experience, becomes a "must." This type of credit department activity takes more time than most of us have to give it. Our own personal experience has been that where your list is large, it is money wisely spent to employ a professional organization who knows how best to get the answers from the customers themselves, then follow up with their own tested methods that do bring an important percentage of those customers back.

Promotion Results

Starting in October, 1956, 18,124 inactive accounts were promoted once a month for 11 months, or until they reopened. Of this number, 10,206 accounts reopened or 56.2 per cent. Average sales, during the period, to customers reopening were \$61.12 and those customers contributed, during that period \$623,000 in sales. This was done at a cost of two per cent. You cannot deny responsibility for these customers, however, once they again become active. No indeed! Those accounts should be scrutinized monthly, and kept in a separate mailing list until they show activity over a period of 60, 90, or 120 days. It would be nothing short of tragic if one of these resold customers should encounter a "repeat" of some unpleasantness which caused her to close her account in the first place!

There are, of course, varying degrees of inactivity; from the account which slips a month or two, to the permanently inactive account. The earlier a check can be made and letter sent out, the less likely a customer is to develop other shopping habits. This

phase of follow-up can and should be handled by the credit manager and not by an outside organization. But the operation again requires the setup for it; personnel whose duty it is to watch the monthly statements and report the inactivity promptly.

What about new accounts? Where do they come from? One valuable source of new charge accounts is, I believe, your C.O.D. delivery lists. Here is one of the costliest of all department store operations. What is it they figure for delivering a C.O.D. package; a delivery and a half before the customer is found at home? Something like that. In this customer you have a receptive prospect, to whom you can appeal on the basis of convenience, of never having to worry about having the money when the driver comes, or even being home to accept her package. Why not, with every C.O.D. package, a cleverly contrived little brochure explaining something about the problem of C.O.D. deliveries, and inviting her to make application for a charge account, application enclosed. This application could be screened, and granted or denied, as with any other application. The invitation should be clearly worded so it does not lead the customer to believe that by filling out the form, she is automatically getting an account.

There are also newcomers to your city. Many stores employ their own visitor to make the first call, or a Welcome Wagon Hostess. Lists are easily obtainable from credit bureaus. If personal calls cannot be made, then a cordial welcoming letter signed by the store's chief executive, and perhaps enclosing a small certificate good for \$1.00 worth of merchandise as an introduction to the store would bring her in and make her feel at home. Do not overlook the value of getting credit reports, then opening new accounts automatically and writing the customer to that effect. Naturally, you will check the accounts carefully month after month, and send a thank-you letter as soon as the account shows activity.

Have you thought about the high potential in bridal business? Alert storekeepers are fast realizing that bridal business is not limited to May and June, but is a 12-months-a-year bonanza. Eighty-seven per cent of all weddings take place in months other than May and June! Dozens of departments in your store feel the impact of bridal business. I have felt for a long time that brides would be pleased if, when they open a budget account, there were some means of knowing they were brides-to-be. Their coupon book could be a little "special" like a

listing of sentimental bridal traditions or anything to make her realize that as a bride-to-be, she is somebody a little extra-special to us.

Lists of engaged girls are easy to obtain, and should be cultivated. Even though your store does not have a complete bridal registry service, business can be promoted in silver, linens, cosmetics, small housewares, appliances and other departments by offering special trousseau credit plans and so on. Remember, too, that once the engaged girl affixes that all-important "Mrs." to her name, a new home has been established, and her husband, too, more than likely, becomes your customer. At least, if she is sold on you, it's a safe bet that his apparel purchases will either be made, or influenced by her!

Never underestimate the working woman as a good credit customer! Today more women are holding jobs than ever before and of those women, a large per cent are married. In either event, married or single, she buys more stockings, more cosmetics, more shoes, more hats, more suits, more blouses, more costume jewelry, more hand bags, more housecoats, than the woman who does not work. One service the credit department could offer these women is special identification on her Charge-plate, indicating that she be given special service so that she can shop more easily, and buy more, incidentally, during lunch hours. And do not forget that a "solidly sold" woman influences the home buying and with her income added to that of her husband, they become potential buyers.

There is a new group of customers looming large on the horizon, the teenagers. The Vice-President of Allied Stores recently stated, "During the 1960's 19 million teen-agers will create a market of 60 per cent greater than today." A teen-ager is anyone from 13 to 19 and frequently her age is only determinable by her ability to "hold up" a strapless formal! The 19-year-olds do not want a thing to do, incidentally with their 13-year-old counterparts. They even resent having to buy in departments right next door to the 7-to-14-ers! But the older teen-agers nowadays are a pretty independent lot. They get jobs, they discharge their responsibilities pretty well and they marry young. Many stores have experimented with junior charge accounts with a high degree of success. In some cases, the maximum credit to be extended is set by the store. In others, the store requests a credit limit to be specified by the child's parents, together with the parents' assurance that the account will be kept paid.

This list of potential new customers

is almost endless, for it is made up of people and people are everywhere. It cannot be concluded without reference to your own employees as sources of new credit accounts. Contests or other incentive plans have worked wonders in increasing charge business in many stores. Naturally it should go without saying that before any employee plan can be effective, your salespeople must be enthusiastic boosters for the store. Too many these days, regrettably, do not feel that enthusiasm because of a lapse somewhere in the store's training program. It seems to me that a credit manager should "get into the training director's hair" until her program includes a thorough indoctrination of the credit story of every new employee. It is certainly just as important as that they know facts about current fashions!

Advertising Credit

Advertising credit in the building of additional business is desirable. The newspaper is an important tool for telling your credit story to the folks who read your ads. Generally speaking, retail ads also fall into these same two categories. I question the effectiveness of institutional ads as compared with credit plugs in regular ads. In the first place, the cost is high, and the message is fanned out over many people who are not interested. Often there is little if any room in already-tight budgets for such ads, and they are run at the sacrifice of merchandise ads which would set the old cash register playing lovely music. Results of an institutional credit ad are seldom determinable, either, unless some gimmick is used and nowadays merchants want to see pretty tangible evidence of the "pull" of their ads.

People want to know about the credit angle when their minds are on a purchase, and they are in or getting into the mood to buy. When a woman sees a coat ad, and she needs a coat, but may not have the cash at the moment, she could very well buy that coat, if the ad contains one simple line "You may buy this coat on one of several convenient credit plans." The family that is longing to replace its old 12-inch TV set with the 21-inch beauty they read about in one of your ads, will say to itself, if you remind them of your budget plan right in the ad, "Gee, I think we could swing that with easy monthly payments. Let's buy it." Nothing takes the place of being Johnny-on-the-spot with your invitation to use a credit plan when your customer is being tempted by your beautiful, appealing ads. Credit plugs within ads give a big "plus" at no extra cost.

Stores must be competitive credit-wise as well as price-wise. This brings up the question of how much to tell in your credit plugs. Unless you can be very specific (and this is often complicated because credit plans and terms vary from department to department many times), my opinion is that it is best to be general. Do not risk exasperating a customer by confusing her. Here again, store policy should be in writing and all department managers given a copy. No individual should be allowed to dictate how a credit plug reads. Written policy is the only way to avoid arguments and misunderstandings.

One exception to my "veto" of institutional ads is the published charge account application, with its invitation to fill it out and mail it in. This has been done successfully by many stores.

When planning credit advertising, one good thing to remember is that direct mailings to a carefully chosen list such as teachers or clergymen or to other similar "solid citizens," will probably bring you new credit customers at less cost than institutional newspaper ads. Particularly when, with your mailing, you include not only an invitation to become a charge customer, but some most enticing merchandise values. With direct mail, you aim your shots before you fire.

One final observation. How far should a credit manager go to feel responsibility to his credit customers? Are you your brother's keeper? My conclusion is that the farther he goes, the better will be his record of paid-up accounts. Two tangible suggestions come to mind. One is that some small budget book could be given each customer to help them work out a basic budget formula. The other is a small, well prepared card thanking them for their business, and explaining to them the benefits they will gain by keeping payments up-to-date. You are a productive credit person when you do everything you can to help your customer meet his obligations.

I feel that much of what I have written is perhaps so obvious that it is scarcely necessary to remind you of it. Too many of us, unfortunately, do not see the obvious, and if we do, do not have sense enough to do the obvious. The late Chief Justice Oliver Wendell Holmes, said, "We need education in the obvious, more than investigation of the obscure."

It is perfectly obvious that profitable new business is our problem. It is equally obvious that a great deal more profitable business can be developed through the promotion of credit by the simplest and most obvious methods. ★★★

Chicago

Center of the World's Mail-Order Business

F. D. KOLLMER

General Credit Manager, Aldens Inc., Chicago, Illinois

"CHICAGO, CHICAGO, that wonderful town"—these are the opening lyrics of the music which is symbolic of this vast capital of mid-America. In a little more than a century, Chicago has grown from a frontier town to one of the largest cities in the United States and in the world.

The history of any industry is more than a record of its mounting sales, broader than the abilities of the men responsible for its direction to success. All progress is inextricably concerned with world events of the time tuned to the manners and morals of an era and tied to the growth, progress and energies which emanate from the greatness of a city.

The mail-order catalog is part and parcel of the history and growth of the mail-order industry. In its busy pages are found the fashions and foibles of three-quarters of a century of the American way of life.

For our nostalgic moments, in the early days of the mail-order catalog we found under its covers the base burner, the mustache cup, the celluloid collar and the corset cover. In its present days, the radio, the television set, the pressure cooker, the reducing girdle and the pedal pushers that will one day be quaint and amusing to another generation.

Bound inevitably to the necessities and luxuries of the nation is the steady growth of our city and the mail-order industry.

Chicago proper extends over an area of 213 square miles. Within a radius of 40 miles, Chicago is surrounded by 300 suburban areas. The trading area upon which Chicago draws extends to 4,079 square miles.

Its industries, commercial centers, parks, schools and transportation facilities assert Chicago's natural influence over the states of Illinois, Wis-

consin, parts of Indiana, Michigan and Iowa. Is it any wonder then that Chicago has been called the capital of mid-America?

The mid-America area has a population of almost 54,000,000 people whose effective buying income is approximately \$95,000,000,000. The population of Chicago and its suburbs, the trading area, is upwards of 16,000,000 people representing 9.2 per cent of the national population and approximately 5,000,000 households. This population alone has a net effective buying income of \$31,000,000,000, 10.2 per cent of the total United States of America buying power. Each five years 160,000 more households are established.

This phenomenal and explosive growth is the result of the greatest industrial expansion in the nation and the high diversification of industry that leads to Chicago's stable employment and business levels. It is responsible for total employment rising upwards and swelling job opportunities. Estimates indicate that in the five years from 1958 to 1963, 513,000 new jobs will open to qualified men and women in metropolitan Chicago.

This estimate does not take into account the tremendous industrial and commercial expansion which may be brought about by the St. Lawrence Seaway and CAL-SAG channel projects. What words, then, could be more appropriate than, "Chicago, Chicago, that wonderful town?"

The single largest concentration of Chicago's labor force is in the manufacturing of machinery (excluding electrical). This force represents only 13 per cent of Chicago's employment as compared to a top 10 city average of 23 per cent in a single industry. Chicago now produces 94 per cent of all types of products listed in the census of manufacturers. The flexibility of Chicago's economic base has drawn a unique combination of resources including plant sites, financing, and raw materials which have produced the greatest diversification of industry in the world today. Diversification is the strongest possible resistance to recession or depression.

An identification of Chicago's industrial leadership in either the United States or the world would in itself constitute the basis for a story of this great city. Space does not permit a treatment of all of the areas in which it leads. However, it is worthwhile to mention at this point a representative number of enterprises in which Chicago leads the way.

Chicago boasts of the world's busiest airport.

It is the number one furniture center.

More than 1,000 conventions and trade shows are presented annually in Chicago with a total attendance of 1.25 million yearly, making it the world's number one center.

It is the major United States manu-

**Coffeyville, Kansas ordered a KIT for
National Retail Credit Week**



"PROJECT PUSH"

How do you sign up
new members?

Call your

Local Credit Bureau Manager

facturing center for office equipment and supplies.

The world's number one center in metal parts manufacturing.

It is the number one packaging center of the United States.

Nineteen passenger lines entering Chicago with 32,000 freight cars handled daily make it the world's largest railroad transportation center.

Its steel production capacity is number one in the United States.

Last but not least, it is the world's number one center of the mail-order industry.

The four largest mail-order firms now direct their tremendous consumer sales from Chicago. In addition to the four largest, there are 500 other mail-order companies in Chicago. These four firms together with the 500 others total 93 per cent of the United States' mail-order sales volume.

Other points of interest are:

Beautiful Parks—Grant Park, Lincoln Park, Garfield Park, the shore line.

Museums—Chicago Historical Museum, Museum of Science and Industry, Field Museum.

Botanical gardens and conservatories.

A great center of education with its colleges and universities, the famous Midway—the location of the University of Chicago, medical schools and libraries (Chicago Public Library located downtown).

The financial nerve center of the Middle West with its banks, financial institutions and stock trading.

Beautiful buildings and skyscrapers (the new Prudential Building), Opera House and legitimate theatres.

Some of the world's largest hotels and movie houses.

Finest cuisine served in the finest restaurants.

Lavish entertainment in widely known places of night entertainment.

Chicago—a cultural and educational center—a city that is on the go 24 hours a day—a city that never stops, but continually moves forward.

The lack of adequate transportation systems, highways, automobiles plus populations residing in rural areas far distant from major distribution centers made the mail-order business a natural in its early beginnings. Even then, as today, its catalogs contained such a vast number of items that they constituted the most complete department store or shopping center found anywhere in the United States of America. The concentration of purchasing power in a central point and the distribution of merchandise from a central point enabled the mail-order business to offer quality merchandise which,

generally, was priced considerably lower than comparable merchandise sold by local merchants.

In the early history of the mail-order industry, the basic appeal was to farm and rural populations. The work days of these populations began in the early hours of the morning and lasted until dusk. People did not have the time or means to travel from 50 to 100 miles to a major distribution center to do their shopping for home, clothing, farm equipment and/or other everyday needs. So, shopping by catalog to these people was a godsend.

In recent years populations have been shifting from rural areas to cities and towns, urban and suburban areas. Major advances in transportation facilities—the modern highway, automobiles and trucks, the air age, commuter trains, have slowly but surely brought about a change in the character of the mail-order business.

As with every other industry in America, the mail-order business owes its character to progress. It found ways and means with various innovations not only to serve farm and rural population consumers which were rapidly diminishing; but, because of its central concentration and volume purchasing, plus the means for faster and better distribution of its merchandise, it grew and soon was competing for customers of the metropolitan, urban and suburban population.

New Innovations

These innovations consisted of mail-order catalog stores, truck delivery systems, movement of merchandise from coast to coast by air freight, use of teletype in transmitting orders and extensive use of the telephone.

Today, a telephone call to a nearby catalog store before 10 o'clock in the morning will result in delivery of the order to a customer's home by truck within one to three days. One can visit a catalog store before 10 o'clock in the morning and the merchandise will be on hand for the customer's examination in one to three days.

The shifting population brought about other problems for the consumer. The mother, living in the suburban area and having a number of children was faced with the problem of finding the time to leave her children and domestic duties to shop in the downtown areas or other distant shopping facilities. The answer, use of the mail-order catalog and/or the catalog order store in the community. There is no easier or more convenient way to shop than to place an order by the telephone and have it delivered to your door. Other metropolitan, urban and suburban consumers for various other reasons have found this great convenience

to be the answer to their problems.

In our city and other cities, these shopping problems have been recognized by the merchants who normally sell direct to the consumer on a retail basis. So, despite the shifting population and the wonderful transportation advantages, the mail-order business has found new consumers with the resultant expansion and growth.

Many major retailers today publish catalogs for the convenience of the shopper who for one reason or another does not find the time to visit their stores. Many also use the direct mail-order method or advertisements in newspapers soliciting mail-order business.

Chicago's strategic location with its various arms of transportation extending to all parts of the United States of America like a giant spider web would logically make it the center of the world's mail-order business.

From the catalogs, which can be termed the world's largest and most complete department store, one can buy materials to build a house, automobile accessories, clothing for the family, furniture and home furnishings, boats, golf clubs, camping equipment and a tremendous variety of items which make vacations and leisure hours produced by the greatness and productivity of America a large part of each man's total life. A consumer can buy thread, nuts, bolts, paint, you name it and the mail-order house has it.

Mail Order History

Following is a brief history of the four largest mail-order houses in Chicago:

The year 1889 marked the humble beginnings of Aldens venture into the mail-order business. The company began operations in a small loft located in the building at the southwest corner of Wabash Avenue and Congress Street. It was first known as the Chicago Mail Order Millinery Company. The first catalogs were the size of a notebook offering only hats, ranging from \$1.69 to \$8.00.

Its founder moved the location to 14th and Wabash during 1906. At this time the catalog had 118 pages and its official name was changed to Chicago Mail Order Company. Its continued progress and growth by 1928 necessitated a move to a big new building at 511 S. Paulina. In this year its sales were \$19,000,000.

During the year of 1936, Aldens experimented with credit selling in one state and extended it to every state in the Union by 1937.

Under the guidance of Robert W. Jackson, who became its President in 1944, growth was explosive and rapid.

In 1946, the name of the company was changed from Chicago Mail Order Company to its present name, Aldens, Inc. Its catalog had grown to 638 pages. Eight retail stores were added and the program was initiated to establish catalog sales stores and catalog telephone offices.

Continued growth made it imperative to acquire additional facilities and in October of 1955, the company erected its present home office quarters on 25 acres of vacant land at 5000 W. Roosevelt Road, Chicago, Illinois. In addition to these new modern and up-to-date facilities, Aldens retained its quarters at 511 S. Paulina Street. Since 1955, Aldens sound and progressive growth has already taxed its new quarters to its full capacity. Aldens now operates 13 retail stores, 65 catalog sales stores and catalog sales offices.

From its humble beginnings of a notebook size catalog, Aldens has grown to a point where its volume this year will be approximately \$115,000,000.

In 1886 there came into being under the name of R. W. Sears Watch Company what is today known as Sears, Roebuck and Co. In 1892 this mail-order firm was incorporated under the name of A. C. Roebuck Co. being changed to its present name of Sears, Roebuck and Co. in 1893.

In 1895 Sears, Roebuck and Co. moved its parent office from Minneapolis to Chicago. The year 1906 found Sears moving all its offices to its new plant at Homan and Arthington Streets. Sales at this point were at the rate of \$50,000,000 per year.

The site upon which their plant now stands was purchased in 1904 with construction beginning in 1905 and full occupancy in January, 1906. The first building, the merchandise building, was constructed in 1905 at a cost of \$5,600,000. It was the largest commercial building in the world until the Merchandise Mart was erected.

Sears' home office buildings now occupy an area of 41.6 acres and cover an area of five blocks long and a block wide. The gross square footage contained in these various buildings is 6,268,028.

In 1925 Sears opened their experimental retail store in the corner of their mail-order plant. From 1928 to 1929 within a 12-month period, stores were opened at the rate of one every two business days. In recent years Sears' management has also concentrated on catalog offices (which are exclusively for the sale of mail-order merchandise) and boasts of 910 catalog sales offices in the United States in addition to 730 retail stores and 11 mail-order offices.

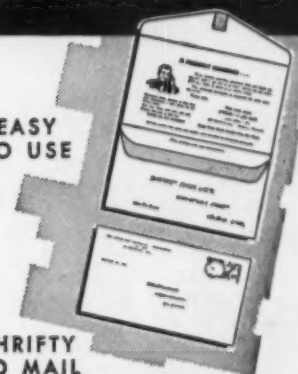
**PAST DUE
accounts got
you down?**



**SPEED UP
COLLECTIONS
WITH**

**Curtisee
MAILERS**

**EASY
TO USE**



**THRIFTY
TO MAIL**

3 units in one. Outgoing Envelope, Delinquent Notice and Return Envelope.

CURTISEE MAILERS are delivered folded and sealed, ready for addressing.

- You save collating, folding and sealing time.
- The handy Return Envelope invites immediate action.
- Can be mailed at low third-class postage rates.

1000 UNIVERSITY AVE., ST. PAUL 4, MINN.

Curtis 1000 Inc.

Please send kit of CURTISEE MAILERS for collecting delinquent payments.

NAME

FIRM

ADDRESS

Clip this coupon to your letterhead.

From its humble beginnings and sales of \$50,000,000 a year in 1906, volume has risen to \$3,721,300,000 in fiscal 1958. Nine months of fiscal 1959 have topped \$3,000,000,000 for the first time in its history and is expected to top \$4,000,000,000 for the full fiscal year—a new all-time high for one mail-order and merchandising organization.

Spiegels was founded in Chicago in 1865, when Joseph Spiegel came home from the Civil War to open a small furniture store. M. J. Spiegel, Chairman and Chief Executive Officer, and Frederick W. Spiegel, Vice President and Public Relations Manager, are grandsons of the founder.

Spiegels sell exclusively through Spiegel catalogs servicing all 50 states and 200 Midwestern communities through order office and telephone order service. During 1959, sales volume was close to the \$200,000,000 mark.

Spiegels first entered the mail-order field in 1905, and was the first company to sell by mail on credit. It was not until 1933, however, that a decision was made to concentrate on credit selling.

Spiegel's home office is located at 1061 W. 35th Street, where included among their properties is the largest single centralized credit department of its kind in the United States. The records for well over 1,000,000 active "Budget-Power" plan accounts are housed there.

This Chicago mail-order concern has pioneered the merchandising of many items which it was never thought possible to sell by mail such as domestic pets, ponies, tropical fish, etc. Like other mail-order companies, their progress has been substantial and forward.

Montgomery Ward's first mail-order catalog was issued in August of 1872 by Aaron Montgomery Ward, the founder. This first effort to sell by mail consisted of a single sheet printed on one side and listed about 30 items. Employers and business associates of Mr. Ward advised him that his plan

Chicago Mail Order Houses

1. Aerial view of Aldens new modern office and warehouse building completed in December 1955. They are located at 5000 West Roosevelt Road.
2. Aerial view of Montgomery Ward home office properties (along upper bank of river), also view of downtown area and Lake Michigan shoreline.
3. Aerial view of Sears, Roebuck and Company home office properties (large buildings in center of picture).
4. Facade of Spiegels home office building.

was not feasible and that it was doomed to failure. However, he was adamant and confident of success. Time, and events as the years went by, proved the soundness of his plan.

The first place of business was a 12' x 14' room on the fourth floor of the newly constructed Turner Hall on Clark Street just north of Chicago Avenue. Original distribution of this first catalog was to members of the Grange Organization otherwise known as the "Order of Patrons of Husbandry." In 1873, mailing of the Ward catalog began to others than the Grange members.

Montgomery Ward

Montgomery Ward and Co. was incorporated under the laws of Illinois in 1889, during which year its sales had risen to \$2,000,000 annually.

Wards entrance into the retail store field had its origin in Marysville, Kansas, during August of 1926. They now operate 550 retail stores and 566 catalog order stores in the United States. In addition to the home office properties now occupied, Wards also operates eight other mail-order plants located strategically across the United States.

The present site of the Montgomery Ward and Co. properties was purchased in 1913. This acquisition followed the sale of the owned properties located on Michigan Avenue extending from Washington to Madison Streets where had been erected the Ward Tower, proclaimed then to be

the tallest structure of its kind west of the Ohio River.

Montgomery Ward has in recent years embarked upon an aggressive and ambitious expansion program to increase their number of retail stores and catalog order stores. According to estimates, sales are projected to an annual rate of \$1,800,000,000 by 1963.

The mail-order industry undoubtedly was the pioneer in the field of instalment credit selling direct to the consumer. At the outset, credit selling was restricted to merchandise items commonly termed "hard line." Gradually the public was offered credit terms on all of the merchandise listed in the catalog.

The original credit terms required large down payments and a limited repayment period ranging from three to six months.

Experience proved the integrity and basic honesty of the American people thus enabling the mail-order houses to gradually relax down payment requirements and to extend longer repayment terms.

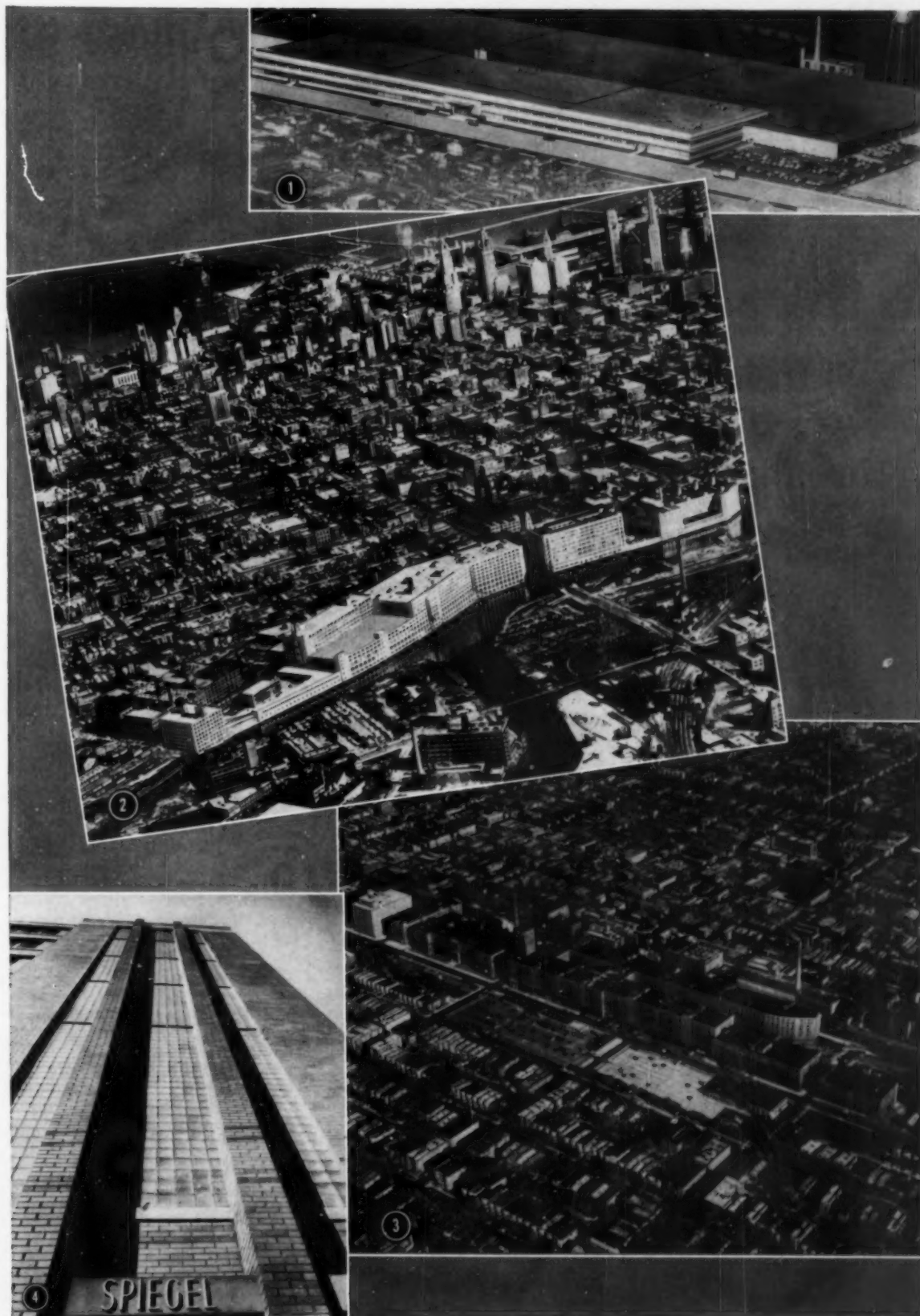
From this limited experimental credit selling has been developed modern and up-to-date credit plans which today constitute the backbone of mail-order selling. Credit sales for the four major companies range from 30 to 75 per cent of total sales volume.

Credit selling is undoubtedly a prime motivating factor in our American standard of living, the highest in the world. It is the panacea which has made possible the productivity of our factories. It is the panacea which has permitted the great American population to absorb and consume this productivity to provide an ever finer and better way of living for every American citizen.

Yes, "Chicago, Chicago, that wonderful town," is the father and mother of the mail-order business, and more than that, is the cradle of instalment credit selling which is now offered in one form or another in the commodities of money, goods or services throughout the United States of America. ★★★

Position Wanted

CREDIT MANAGER, 20 years' experience, aggressive promotional type. All phases, wholesale, retail, agency, mercantile, industrial, professional. Graduate, Collection Management Service, University of Illinois, Extension Division, College of Commerce and Business Administration. Presently employed as Sales Promotion and Credit Manager. Seeking opportunity in larger office as working manager or possible partner. Excellent ability and character references. Box 11581, The CREDIT WORLD.



Psychological Testing in Personnel Selection

E. H. BARNES, Ph.D.

Director of Personnel and Research, National Accounts System, Chicago, Illinois

WE ARE ENTERING the decade of the sixties with 50 billion dollars outstanding in consumer debt. All through the previous decade, the field of consumer credit continued its rocketing rise at an ever-increasing pace. More and more people were required in the credit field to keep pace with this expansion. Problems of recruitment and selection of new personnel have become acute for many credit executives.

It is natural that many have turned to psychological tests as a tool to assist them in selection. In many cases, they have been disappointed in the results. Perhaps this was because they expected too much of these tests, or perhaps this was because the tests were not properly used.

When employed with an understanding of their purposes and limitations, psychological tests can be a valuable tool in reducing the number of mistakes which are made in personnel selection. It is important to understand that test results are probably most valuable in eliminating the bad bet. They can, on occasion, say "no" loudly and clearly. They say "yes" far less distinctly. In other words, an individual can produce superior test scores and still fail on the job. It is merely less probable that an individual obtaining favorable scores will fail.

Probably the most important and most widely-used type of psychological test is the so-called intelligence test. There are a number of these on the market, some of which are available to business firms and some of which are available only to professional psychologists. The intelligence test is supposed to measure an individual's capacity to think, to solve problems, and to use words and numbers with facility. These capacities are important in business, and an intelligence test should be included in any well-rounded selection program. Through its use, the employer can eliminate with maximum efficiency those persons whose intellectual level is insufficient for the job to be performed.

A frequent mistake in the use of intelligence tests is overestimating the requirements of the job. An extremely high intellectual level is needed for very few positions in our society. Most jobs can be adequately handled by persons of average intelligence. There is, in fact, a very grave danger from the turnover point of view in selecting individuals of high ability for

routine work. They become bored, their attention wanders, and they quit. One way to find the intellectual requirements of a particular job is to measure those persons who are successfully doing it now.

Some companies have a more elaborate testing program, using one or more aptitude tests. The aptitude tests presumably measure the capacity of an individual to acquire some skill or knowledge with training. There are tests of clerical aptitude, mechanical aptitude, art aptitude, musical aptitude, and many others. The danger here is, frankly, overtesting—gaining more information than you need or can use in making your decision. For persons who are to be employed in clerical duties, it is probably that a test of clerical aptitude would be a valuable addition to a selection program. Persons scoring low on such tests are unlikely to become good file clerks or office workers. However, a high score does not guarantee proficiency on the job. As I have said before, it is more useful for weeding out the unfit than for identifying the highly able.

Another kind of psychological test is finding more and more use in business situations. This is the interest test. The interest test claims to measure the degree to which one is attracted by various kinds of activities. One widely-used test supposedly measures such things as the degree of interest in persuasive, literary, musical, outdoor and other types of activities. One difficulty with the use of such tests for selection purposes is simply that the person being tested can too easily give a false picture of his interests. If some-

one is applying for a clerical position and wants it badly, it would make sense for him to indicate an interest in clerical activities. It is doubtful that the information derived from such tests in the ordinary selection situation is of enough value to justify the time and expense in administering them.

Another widely-used type of psychological test is the so-called personality test. These come in all shapes and sizes from the famous Rorschach ink blots, which can only be given and interpreted by a skilled psychologist, to the ten questions in the Sunday Supplement which measure whether or not you will make a good husband, father, judge of others, or scientist. The area of personality testing should probably be left to the expert, although some questionnaire-type personality tests are available to companies. Most of them, of course, suffer from the same defect that the interest tests have for selection purposes, and that is, their validity depends upon the candor of the respondent. In the ordinary selection situation also, the type of question asked may be resented by some candidates. If used, personality tests must be introduced with tact and assurances that the information is confidential.

For the ordinary credit department, credit bureau, or collection agency, I would recommend that only an intelligence test be used for screening purposes, with the addition of a clerical aptitude test for those persons whose duties would be expected to be primarily clerical in nature. I would most certainly not allow the tests to take the place of a careful evaluation of the applicant's experience, qualifications, and past performance with other employers.

This minimum testing program may come as a surprise or letdown to those who would expect a psychologist to recommend a more elaborate procedure. It is my conviction, however, that masses of psychological test data only serve to confuse those who are not experts in their use. If a more nearly complete evaluation of an individual is needed, perhaps for a key position, psychologists in many cities are available for this purpose. The American Psychological Association, at 1333-16th Street N. W., Washington 6, D. C., will furnish information concerning the qualifications of individuals or companies in your city.



FORTY-SIXTH ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

Chicago

CONFERENCE DATES:

JUNE 5-9, 1960

Palmer House

Sponsored by:

NATIONAL RETAIL CREDIT ASSOCIATION

ASSOCIATED CREDIT BUREAUS OF AMERICA

CREDIT WOMEN'S BREAKFAST CLUBS OF N. AMERICA



Dear Member:

Shakespeare said it..."There is a tide in the affairs of men, which taken at the flood, leads on to fortune."



We cannot guarantee that your attendance at the 46th Annual International Consumer Credit Conference at Chicago in June will lead to your fortune! What we can say is that in these rapidly changing times and literal upheaving of our traditional thinking in matters of consumer credit, your effectiveness and confidence will be immeasurably increased by attending.



On the following pages you will find the preliminary program. Please look it over. You will find that it offers a valuable training course in modern consumer credit thinking and practice. Then, please show it to the official in your firm to whom you report on your departmental operations. Please point out to him that you should attend this working Conference and that the modest investment of time and money will return manyfold dividends.



All three cooperating associations, National Retail Credit Association, the Associated Credit Bureaus of America and the Credit Women's Breakfast Clubs of North America, have gone to great lengths to bring to you a well balanced and appealing program. The informational and inspirational aspects are highlighted because that is what you have told us you particularly want...information and inspiration. The social side is not neglected, either...fun and friendship are part of the glamour of a National Conference.

There is a **REGISTRATION BLANK** enclosed. You are urged to send in your reservation now. Should your plans later change, your registration fee will be quickly refunded.

The leaders of NRCA, ACBoFA and CWBCofNA cordially invite you to **COME TO CHICAGO!**



INTERNATIONAL CONSUMER CREDIT
CONFERENCE PLANNING COMMITTEE

NATIONAL RETAIL CREDIT ASSOCIATION
375 Jackson Street • St. Louis 30, Missouri
PArkview 7-4045

WILLIAM H. BLAKE, Executive Vice President

● ASSOCIATED CREDIT BUREAUS OF AMERICA, Inc.
7000 Chippewa Street • St. Louis 19, Missouri
FLanders 1-4455

JOHN L. SPAFFORD, Executive Vice President

● CREDIT WOMEN'S BREAKFAST CLUBS OF NORTH AMERICA
1863 Railway Exchange Bldg. • St. Louis 1, Missouri
MAin 1-9510

GENEVA McQUATTERS, Executive Manager

NRCA Tentative Program

(Does not include ACBoFA and CWBCofNA complete program.)

SATURDAY, JUNE 4

NRCA Executive Committee Meeting 9:30 a.m.
NRCA Pre Conference Board of Directors Luncheon and Meeting 12:30 p.m.

SUNDAY, JUNE 5

NRCA Board of Directors Meeting 9:30 a.m.

ICCC Educational Meeting 2:30 p.m.

THEME: "CREDIT EDUCATION"

Presiding: Charles E. Moorman, Credit Bureau of Jacksonville, Jacksonville, Florida

Topics: Credit in the Community
The Use of Psychology in Counseling
The Psychology of Communications—
Credit Bureau, Collection Service, and Credit Granter
Relationships in Serving the Customer—
Question and Answer Period

MONDAY, JUNE 6

ICCC Sunrise Sessions 7:30 a.m.

Group A. Community Services
Group B. Collections
Group C. Credit Sales Promotions
Group D. How Job Satisfaction Can Best Be Achieved

ICCC First General Session 9:30 a.m.

THEME: "THE ROLE OF CONSUMER CREDIT IN THE CHALLENGING '60s"

Presiding: David K. Blair, President, NRCA
Choral Group
Presentation of Colors
Invocation

Addresses:

"The Changing Retail Scene"
"Management, Labor, and Government in the Future"

NRCA Dutch Treat Luncheon 12:30 p.m.

THEME: "IMPROVING DISTRICT AND LOCAL MEETINGS"

Presiding: William H. Blake, Executive Vice President, NRCA

Topic: "Basic Techniques for Improving Meetings"

A meeting for NRCA Officers and Directors to get acquainted with District and Local Association Officers, Directors and Membership Committee Chairmen.

NRCA and CWBCofNA First General Session 2:30 p.m.

THEME: "THE CONSUMER CREDIT OUTLOOK FOR THE '60s"

Presiding: E. A. Nirmaier, First Vice President, NRCA

Topics: The Consumer Credit Potential in the 1960's as Viewed by the Economist
Business Climate in Congress
Question and Answer Period

ICCC Ladies Tea 3:00 p.m.

Honoring the Wives of NRCA and ACBoFA Officers and the Officers of CWBCofNA

Co-Chairwomen: Mrs. Joseph A. White
Mrs. Carl Hobbet

Chicago Night 7:30 p.m.

Entertainment and Dancing

TUESDAY, JUNE 7

ICCC Second General Session 7:30 a.m.

THEME: ANNUAL CWBCOFNA BREAKFAST

Presiding: Mrs. Helen Spendlove, President, CWBCofNA
Speaker: (To be announced)

NRCA and CWBCofNA Second General Session 10:00 a.m.

THEME: "OPPORTUNITIES FOR CREDIT SALES IN THE '60s" (As viewed by Industry Leaders)

Presiding: Joseph A. White, Credit Sales Manager, The Fair, Chicago, Illinois

Panel:

Communications	Instalment Bankers
Consumer Finance	Sales Finance
Home Services	Public Utilities
Petroleum	Retailing
Furniture	Mail Order Houses
Building Trades	Limited Price Stores

A "News Conference" with members of press, radio and television invited to question the panel members

NRCA and CWBCofNA Group Sessions 2:30 p.m.

Credit Sales Executives are always looking for new ideas and ways to build additional credit volume. These six Group Sessions are "How to" meetings, resulting in ideas. Key specialists will sit in with the Chairmen on Tuesday and Wednesday to "brainstorm" ideas.

Group No. 1: Department, Apparel and Jewelry Stores

THEME: "HOW TO INCREASE CREDIT SALES VOLUME"

Chairman: Henry C. Alexander, Credit Sales Manager, Belk Brothers Company, Charlotte, N. C.

"The Role of Consumer Credit in the Challenging '60s"

Group No. 2: Home Furnishings, Home Improvements and Home Service Industries

THEME: "BETTER LIVING IN THE HOME IN THE '60s"

Chairman: William F. Streeter, Credit Sales Manager, Boutell's, Minneapolis, Minnesota

Group No. 3: The Financial Industry

THEME: "MEETING THE FINANCIAL NEEDS OF THE AMERICAN FAMILY IN THE '60s"

Chairman: Dewey D. Godfrey, Vice President, Bank of Charlotte, Charlotte, N. C.

Group No. 4: The Health Professions

THEME: "BETTER WAYS TO SERVE OUR PATIENTS' CREDIT NEEDS"

Chairman: Mrs. Jean Lansing, Albany Hospital, Albany, New York

Group No. 5: Public Utilities

THEME: "MAKING PUBLIC UTILITY CREDIT PROFITABLE"

Chairman: George W. Crawford, Alabama Power Company, Birmingham, Alabama

Group No. 6: National Credit Card Industry

THEME: "THE FUTURE OF THE CREDIT CARD INDUSTRY IN AMERICA"

Chairman: (To be appointed)

NRCA District Five Annual Meeting 5:00 p.m.

WEDNESDAY, JUNE 8

NRCA Quarter Century Club Breakfast 7:30 a.m.

NRCA and CWBCofNA Third General Session

9:30 a.m.

THEME: "PARTNERS IN PROGRESS"

Moderator: Carl A. Kilgas, Third Vice President, NRCA

Panel:

Management: "Where Are We Headed?"

Credit Sales: "Our Future Needs as We See Them"

Credit Bureau: "The Changing Bureau"

Collection Service: "The Professional Collector Looks Ahead"

Question and Answer Period

NRCA Business Session for Members 11:00 a.m.

NRCA Post Conference Board Luncheon 12:30 p.m.

NRCA Post Conference Board Meeting 2:30 p.m.

NRCA and CWBCofNA Group Sessions 2:30 p.m.

Group No. 1: Department, Apparel and Jewelry Stores

THEME: "HOW TO INCREASE CREDIT SALES VOLUME"

Chairman: (To be appointed)

Group No. 2: Home Furnishings, Home Improvements and Home Service Industries

THEME: "BETTER LIVING IN THE HOME IN THE '60s"

Chairman: (To be appointed)

Group No. 3: The Financial Industry

THEME: "MEETING THE FINANCIAL NEEDS OF THE AMERICAN FAMILY IN THE '60s"

Chairman: Bryce Bryar, Talman Savings and Loan Association, Chicago, Illinois

Group No. 4: The Health Professions

THEME: "BETTER WAYS TO SERVE OUR PATIENTS' CREDIT NEEDS"

Chairman: Stephen F. O'Connor, St. Mary's Hospital, East St. Louis, Illinois

Group No. 5: Public Utilities

THEME: "MAKING PUBLIC UTILITIES MORE PROFITABLE"

Chairman: (To be appointed)

Group No. 6: National Credit Card Industry

THEME: "THE FUTURE OF THE CREDIT CARD INDUSTRY IN AMERICA"

Chairman: (To be appointed)

THURSDAY, JUNE 9

NRCA District Officers Dutch Treat Breakfast 7:30 a.m.

Presiding: E. A. Nirmaier, First Vice President, NRCA

Topic: "District Targets for 1961"

ICCC Third General Session

9:30 a.m.

THEME: "THE ROLE OF CONSUMER CREDIT IN THE CHALLENGING '60s"

Presiding: Pren L. Moore, President, ACBofA

Topic: "An Objective Analysis of the Total Credit Card Growth"

Panel: Industry Leaders

Address: "Date With Destiny"

NRCA and CWBCofNA Legal Session

2:30 p.m.

THEME: "LEGAL ASPECTS OF CONSUMER CREDIT"

Presiding: J. C. Gilliland, Credit Sales Manager, Fingerhut Manufacturing Co., Minneapolis, Minn.

Topics: "The Uniform Commercial Code"

"Recent Decisions Affecting Retail Credit Granting and Collections"

"Model State Law Legislation"

Question and Answer Period

ICCC Annual Banquet

7:30 p.m.

Entertainment and Dancing

Registration Blank

FORTY-SIXTH ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

Conference Dates, June 5-9, 1960

Palmer House—Chicago

Name: Spouse:
(BADGE WILL BE PRINTED AS YOU INDICATE) (INCLUDE FIRST NAME FOR BADGE)

Firm: Family:

Address:

City & State: Mail registration blank with check attached made payable to:

Type of Business: International Consumer Credit Conference

Attending conference for first time ☐ c/o National Retail Credit Association

Are you District Officer ☐
State Officer ☐
Local Officer ☐
District Director ☐
State Director ☐
Local Director ☐

375 Jackson Avenue
St. Louis 30, Missouri

CONFERENCE REGISTRATION

Delegates (ACBofA, CWBCofNA, NRCA) \$25.00

Family (wife, children, other members of family) \$20.00

Additional individual tickets will be available at the Registration Desk.

Full refund on advance registration will be made if cancellation is received prior to May 23, 1960. No refunds will be made after that date.

HOTEL RESERVATIONS

Conference registrations must be made before hotel reservations can be made. The Palmer House will be notified when your registration has been made. After you receive acknowledgment of Conference Registration from ICC, direct your request to the Palmer House for the type of hotel accommodations you desire.

BANQUET RESERVATIONS

All seats at the CWBCofNA Breakfast and the Annual Banquet will be reserved. Table reservations may be selected at the Registration Desk, starting on Monday, June 6, 1960. Exchange tickets in your Conference Ticket Book for your reserved seat. If you wish to sit with friends at the Breakfast or Banquet, make certain that exchange tickets for your seats are accumulated and turned in at the same time.

Admission to Meetings by Badge Only



FROM THE *President's Pen*

District Conferences

SPRING is just around the corner and all over the country committees are hard at work planning District Conferences. By the time this issue of *The CREDIT WORLD* reaches your desk the Mid-Atlantic Conference in Philadelphia will be history and the Pacific Southwest Conference at San Jose, California, will be getting under way. These two superbly planned conferences will be followed by similar meetings in Topeka, Kansas; Davenport, Iowa; Syracuse, New York; New Orleans, Louisiana; Swampscott, Massachusetts; Pueblo, Colorado; Corpus Christi, Texas; and Banff, Alberta, Canada.

These conferences represent one of the greatest achievements of this Association. For it is through these meetings that credit granters throughout the continent have the opportunity of meeting with their associates for the purpose of becoming more proficient in their chosen field. There are very few associations on this continent, and none other in the credit field that provide their members with such wonderful opportunities to indulge in "shop talk" as does the NRCA.

At each of these conferences you will find discussion groups, study groups, speakers and panel discussions to fit every need. From the start of the opening get-acquainted party, to the closing session you will find that there is something going on every minute.

Too much praise cannot be given to the energetic committees that plan these meetings. They work tirelessly for many months to provide you with a profitable experience. Their main objective is to be sure that everyone who attends, regardless of what their line of business may be, will go home from the conference confident that they have gained a great deal from their attendance.

These committees, whether they be planning committees, program committees, reception committees or committees of any other name sharply demonstrate another great value of NRCA. Recently I read the following paragraphs by an unknown author:

"Trade associations require team play to succeed. When you join an organization, you do so for one principal reason. You recognize that team play wins.

To achieve the desired results, activity needs to be channeled towards the common goal. Best results are achieved when each has his assignment worked out so there is no duplication or misdirection of effort. Without such cooperation the results are apt to be similar to those of the hero described in the school-boy's essay who leaped into the saddle, drew his trusty sword, and galloped off furiously in all directions.

"A trade association is a prime example of the instinct for team play. Businessmen organize for the purpose of working together in an effort to solve the problems common to all in their industry. Often the group begins by tackling a single outstanding evil that has been plaguing their business and ends by offering a full range of association services."

Yes, NRCA through its district program proves that team play works. It is through activities such as these that credit men and women throughout the land have learned that they can and must work together for their mutual benefit.

We take pride in the fact that several thousand credit men and women will take advantage of these great opportunities for self-improvement. We should remember, however, that there are still tens of thousands that should be attending.

How about you? Are you planning to go? I am. I would not miss this opportunity for anything. You should, so why don't you? Force yourself out of the lethargy of day-to-day living. Tear yourself loose from the details of your job for just a couple of days and give yourself a chance to grow. You will never be sorry, neither will your boss.

And when you come to the District Conference, do not fail to bring a friend along with you. Let us hope you bring a non-member. This is the best way to show the value of NRCA membership. All non-members are welcome at any District Conference. I can promise you, however, that there will undoubtedly be a "Project P-U-S-H" committee on hand to see to it that your friend returns home not only with a store of additional knowledge but also with a receipt for one year's dues in the finest association of credit men and women in the world.

David Blair

PRESIDENT
National Retail Credit Association



People and Events

Pilot Course in Hospital and Medical Credit and Collection Procedure

The Medical-Dental Bureau, a department of the Credit Bureau of Greater Salem, Salem, Massachusetts sponsored Miss Frances M. Hernan, new field lecturer for the National Retail Credit Association, in a *pilot course* in Credit and Collection Procedure for Hospital and Medical Personnel held at the Hotel Hawthorne on Saturday, December 5, 1959. The all-day school was attended by 30 persons and each received a Certificate issued by the National Retail Credit Institute, a division of NRCA.

The report from Charles D. Seaman, Manager, Credit Bureau of Greater Salem included this comment: "... in the group were several hospital representatives and many medical and dental office assistants. The evaluation sheets indicated a very satisfactory attitude on the points developed during the program. Miss Hernan was warmly thanked and congratulated for her convincing and worthwhile presentation. The course helped to improve the relations between the health professions and the Credit Bureau and added to understanding of the mutuality of their interests."

Miss Hernan's streamlined and authoritative course concentrates on developing an informed patient, an informed professional staff, good admitting procedure, understandable and definite arrangements on discharge, and efficient methods of billing, and collection follow-up. Miss Hernan was Credit Manager of the Massachusetts General Hospital for many years. She is past president of the Hospital Credit Association of New England and past president of the American Hospital Accountants Association, Massachusetts chapter. She is a bonded and licensed hospital and professional consultant. Shown below is Miss Hernan with part of her class at Salem.

The National Retail Credit Association is especially proud to add Miss Hernan to its staff of professional field lecturers. You are cordially invited to write for particulars and open dates for Miss Hernan to come to your community.

It is of the greatest importance to all concerned that those in the health professions be educated in modern practices and procedures of credit extension and account collection. It is of equal importance that the vast amount of credit information available from the various health professions be channeled into the local credit bureau for the benefit of all consumer credit granters.



Coming District Meetings

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Provinces of Quebec, New Brunswick, Nova Scotia, and Prince Edward Island, Canada) will hold its annual meeting at the New Ocean House, Swampscott, Massachusetts, May 15, 16, and 17, 1960.

District Two (New Jersey and New York) will hold its annual meeting at the Hotel Syracuse, Syracuse, New York, April 23, 24, and 25, 1960.

District Three (Cuba, Florida, Georgia, North Carolina, and South Carolina) and **District Four** (Alabama, Louisiana, Mississippi, Tennessee, and Bristol, Virginia) will hold a joint annual meeting at the Sheraton-Charles Hotel, New Orleans, Louisiana, April 24, 25, 26, and 27, 1960.

District Five (Illinois, Indiana, Kentucky, Michigan, Ohio, Ontario, Canada, and Wisconsin, except Superior) will hold its annual meeting in conjunction with the 46th Annual International Consumer Credit Conference at the Palmer House, Chicago, Illinois, June 5, 6, 7, 8, and 9, 1960.

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, Fort William, Ontario, and Manitoba, Canada) will hold its annual meeting at the Blackhawk Hotel, Davenport, Iowa, March 27, 28, and 29, 1960.

District Seven (Arkansas, Kansas, Missouri, and Oklahoma) will hold its annual meeting at the Hotel Jayhawk, Topeka, Kansas, March 10, 11, 12, and 13, 1960.

District Eight (Texas) will hold its annual meeting at the Robert Driscoll Hotel, Corpus Christi, Texas, May 22, 23, and 24, 1960.

District Nine (Colorado, New Mexico, Utah, and Wyoming) will hold its annual meeting at the Hotel Continental, Pueblo, Colorado, May 15, 16, and 17, 1960.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Provinces of Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting at the Banff Springs Hotel, Banff, Alberta, Canada, May 20, 21, 22, 23, and 24, 1960.

District Eleven (Arizona, California, Hawaii, and Nevada) will hold its annual meeting at the Hotel St. Claire, San Jose, California, February 21, 22, and 23, 1960.

Position Wanted

Credit Executive, general manager, supervision of sales, service, banking, credits and financial policy. Qualified for top level management position. Age 34, will relocate and travel. Box 2602, The CREDIT WORLD, 375 Jackson Avenue, St. Louis 30, Mo.

Wanted to Buy

Credit Bureau with active collection division in town of 10,000 or over. Box 2601, The CREDIT WORLD, 375 Jackson Avenue, St. Louis 30, Mo.

Mrs. L. S. Crowder

As noted in the January 1960 CREDIT WORLD, Mrs. L. S. Crowder, wife of our former General Manager-Treasurer and currently NRCA's Financial Counselor, L. S. Crowder, died December 31, 1959, at Vero Beach, Florida. She was born in Gould City, Michigan, August 21, 1897. Funeral services were held at the Cox-Gifford-Baldwin Funeral Home, January 4, 1960 with interment in Crestlawn Cemetery, Vero Beach, Florida. Mr. and Mrs. Crowder moved to Vero Beach from St. Louis, October 1, 1959.

Mrs. Crowder was active in the affairs of the Central Presbyterian Church, Clayton, Missouri, and several other social and civic organizations. She was charming, vivacious and well liked by all who knew her. For over 25 years she was a favorite of the National Office personnel and was always interested in NRCA events and personalities. Mrs. Crowder was a familiar figure at our recent International Consumer Credit Conferences. Her warm, friendly personality earned her the affection of her countless friends both at home in St. Louis and elsewhere. Our deepest sympathy is extended to Mr. Crowder on the loss of one so dear to him.

She is survived by her husband, three daughters and seven grandchildren of whom she was most proud. The NRCA was represented at the funeral by William H. Blake and Arthur H. Hert and the Associated Credit Bureaus of America by Otto H. Lanfersieck. Mr. Crowder plans to remain at his Vero Beach home, 500 Acacia Road.

W. C. Slotsky

William C. Slotsky, 69, Executive Vice President, Credit Bureau of Sioux City, Sioux City, Iowa and former long-time secretary of the Associated Retailers died January 5, 1960, after a long illness. He was born April 15, 1890 in Kieff, Russia and came to the United States as a boy and resided in Sioux Falls before moving to Sioux City 57 years ago. He was a member of the Mount Sinai Temple; Morningside Lodge 615, A.F. & A.M.; the Sioux City Consistory; and Abu-Bekr Shrine Temple. He was a charter member of the Sioux City Kiwanis Club; past president of the Jewish Federation; past president of District Nine, Associated Credit Bureaus of America; Honorary Life member of the National Retail Credit Association; and served for many years on committees of the Chamber of Commerce.

He is survived by his widow, two sons and a daughter to whom we extend our deepest sympathy.

Wilbur J. Barloon

Wilbur J. Barloon, Manager, Credit Bureau of Scott County, Davenport, Iowa, died suddenly December 23, 1959, in Davenport, Iowa.

Paul O. Krueger

Paul O. Krueger, former owner of the Credit Bureau of East Central Kansas, Emporia, Kansas, died December 11, 1959, in Phoenix, Arizona.

Mrs. Trenna E. Lamkins

Mrs. Trenna E. Lamkins, Manager, Credit Bureau of Champaign County, Champaign, Illinois, died January 7, 1960, in Champaign, Illinois.

Louis F. Jodry

Louis F. Jodry, Secretary-Manager, Monroe Credit Rating Bureau, Monroe, Michigan, died January 6, 1960, in Monroe, Michigan.

Sterling S. Speake Credit Schools

Credit schools will be conducted by Mr. Speake in the following cities during February and March:

San Antonio, Texas
Austin, Texas
Albuquerque, New Mexico
Las Cruces, New Mexico
Farmington, New Mexico
Tucson, Arizona
Oxnard, California
Torrance, California

Salinas, California
San Jose, California
Palo Alto, California
Monterey, California
Honolulu, Hawaii
Hilo, Hawaii
Kona, Hawaii
Wailuku, Hawaii

If your city is interested in having Mr. Speake conduct a professional streamlined credit school in your city, please write the National Office for details and open dates.

National Consumer Credit Conference

The Twelfth Annual National Consumer Credit Conference will be sponsored this year by Washington University, March 27-29, 1960, St. Louis, Missouri, under the auspices of the School of Business and Public Administration and its adult education division, University College. Theme is "Consumer Credit in the Sixties." Co-sponsors will include outstanding national, state and local associations in the fields of manufacturing, wholesale distribution, retailing, banking, and other financial institutions. David K. Blair, President, NRCA, will appear on the program.

Rose H. Shelton Promoted

Forrest T. Berg, President, Charles F. Berg, women's specialty shop in Portland, Oregon, has announced the appointment of Rose Hansen Shelton as Credit Manager. Mrs. Shelton, who has served as assistant in the department, replaced Hugh Tallent. She joined the staff in 1946 after graduation from various schools in Oregon. She is a member of many professional and civic organizations including the Credit Women's Breakfast Club.

A. B. Benedict, Jr., Promoted

Andrew B. Benedict, Jr., 46, was recently named president of the First American National Bank, Nashville, Tennessee, the second largest bank in Tennessee. He had been executive vice president since 1951. In 1952 he was President of the Nashville Retail Credit Association. He is a past president of the Nashville Chapter of the American Institute of Banking; trustee of Meharry Medical College; director of Vanderbilt University Development Foundation; treasurer of Tennessee Taxpayers Association; active in the Masonic lodge; and a member of the Belle Meade and Cumberland clubs. Working through several departments, he was elected assistant cashier in 1941, assistant president in 1942, and vice president in 1946.

John J. Minahan Retires

John J. Minahan was feted at a dinner recently by his associates on his retirement after more than 32 years of service with the Brock-Hall Dairy Company, Hamden, Connecticut. He joined the dairy in 1927 as routeman and then became credit co-ordinator for all Brock-Hall branch operations in Connecticut. He now becomes an honorary life member of the National Retail Credit Association.

Position Wanted

Credit Executive with background in retailing, management, consumer finance, public relations, legislation and sales. Age 39. Will relocate. Box 2603, The CREDIT WORLD, 375 Jackson Avenue, St. Louis 30, Missouri.

STATE LEGISLATION

In Hoppers of Various States

KEY TO SYMBOLS		ALASKA	ARIZONA	CALIFORNIA	COLORADO	DELAWARE	GEORGIA	HAWAII	KANSAS	MASSACHUSETTS	MICHIGAN	NEW JERSEY	NEW YORK	OREGON	PENNSYLVANIA	RHODE ISLAND	SOUTH CAROLINA	TEXAS	VERMONT	VIRGINIA	WEST VIRGINIA
E—Expected to be filed.																					
P—Pre-filed, or introduced.																					
O—Optional approach to issue.																					
Advertising, Tax on																					
Bad Checks																					
Comparative Price Advertising																					
Consumer's Aid																					
Corporate Tax Increase																					
Credit Buying Controls																					
Earns. of out-of-state corps., tax on																					
Fair Employment Practices																					
Fair Trade																					
Going out-of-business																					
Gross Receipts tax																					
Income Tax																					
Inventory Assessment																					
Labor Relations Act																					
Legal Holidays																					
Legalized Lottery Promotions																					
Merit Rating Elimination																					
Minimum Wages																					
Property Assessment and Taxes																					
Remove Sales Tax Rebates																					
Rent Control																					
Right-to-Work Implementation																					
Right-to-Work Law Repeal																					
Safeguarding Union Funds																					
Sales Tax																					
Sales Tax Rebates																					
Secondary Boycotts																					
Shoplifting																					
Stock-in-Trade Tax Exemption																					
Strike Prevention																					
Store Liability Insurance Sales																					
Sunday Closing																					
Sunday Opening																					
Supplement. Unemploy. Benefit (Sub)																					
Trading Stamps																					
Unemployment Compensation																					
Warehouse Package Goods																					
Withholding Tax																					
Workmen's Compensation Benefits																					

† Possible bill to repeal tax put in last year; ‡ Possible if legislature passes Enabling Act; * Will be increased; * Repeal.

Women's Wear Daily

22 CREDIT WORLD February 1960

Florida: An Act to prohibit obtaining credit by use of a credit card issued to another without consent of the person to whom issued, or which has been expired or been cancelled, was signed into law by the Governor on June 16, 1959. The law states that: Section 1. The term "credit card" as used herein means an identification card issued to a person by a business organization which permits such person to purchase or obtain goods, property or services on the credit of such organization.

Section 2. Any person who knowingly uses for the purpose of obtaining credit, or for the purchase of goods, property or services, a credit card which has not been issued to such person and which is not used with the consent of the person to whom issued or a credit card which has been revoked or cancelled by the issuer of such card and notice thereof has been given to such person, or a credit card which has expired is guilty of a misdemeanor and punishable by a fine of not more than one hundred dollars (\$100.00) or imprisonment for not more than thirty (30) days if the amount of the credit or purchase obtained by such use does not exceed fifty dollars (\$50.00), or by both such fine or imprisonment, or by a fine of not less than one hundred dollars (\$100.00) nor more than five hundred dollars (\$500.00) or imprisonment for not more than one (1) year if the amount of the credit or purchase obtained by such use exceeds fifty dollars (\$50.00), or by both such fine and imprisonment.

Section 3. This act shall take effect upon becoming a law.

Indiana: Attorney General Edwin K. Steers has ruled that the "check-credit" service offered by a number of Indiana banks does not violate the State's laws governing loans and interest rates. Mr. Steers said he regarded check-credit service as a form of instalment loan where interest rates conform to law. The Attorney General's ruling was sought by Joseph McCord, director, State's Department of Financial Institutions.

The accompanying chart shows at a glance the kind of bills likely to be introduced by legislatures that will hold sessions this year.

Local Association Activities



Boston, Massachusetts

At the annual meeting of the Retail Credit Association of Greater Boston, Boston, Massachusetts, Alexander Harding, John H. Pray & Sons Company, was elected president for the ensuing year. He is a past president of the Retail Credit Granters of New England and Eastern Canada which comprises District 1 of the NRCA. He is formerly a director-at-large of the NRCA. Other officers elected were: First Vice President, Josephine M. Kenneally, C. Crawford Hollidge; Second Vice President, James H. Donovan, Raymond's; Treasurer, Rowe A. Gladwin, retired; and Secretary, John J. Canavan, Credit Bureau of Greater Boston. Directors: Milton B. Nelson, New England Deaconess Hospital; Charles Dougherty, Jordan Marsh Company; and Helena McCarten, Massachusetts General Hospital.

The high light of the evening was the presentation of a handmade Clipper Ship to William J. Kirby, The Gilchrist Company, the retiring president, who was given the William J. Starr Award. This award is given annually to the person doing the most outstanding job for promoting the welfare of the Retail Credit Association during the year. Mr. Kirby served two terms as president of the association and during his term was instrumental in bringing the Sterling S. Speake School to Boston and also for guiding to a successful conclusion a consumer credit school for both consumer credit executives and hospital credit managers alike.

Allentown, Pennsylvania

Following are the new officers and directors elected at a reorganizational meeting of the Retail Credit Association, Allentown, Pennsylvania; President, Joseph M. Thornton, Thornton Jewelry; Vice President, John M. Metzger, attorney; Treasurer, Raby Minter, Lehigh Valley Supply Company; and Secretary, Warren C. Kiess, Credit Bureau of Allentown. Directors: Irving Judd, Judd's; John W. Kessler, realtor; Charles A. Raab, Sears, Roebuck & Company; Paul J. Smith, National Bank of Allentown; and Allen T. Vollmer, Zollinger's.

New Orleans, Louisiana

The new officers and directors of the Retail Credit Association of New Orleans, New Orleans, Louisiana, are: President, John A. Brewer, Sears, Roebuck and Company; First Vice President, Cecil C. Elish, D. H. Holmes Company Ltd.; Second Vice President, Roy A. Grashoff, Globe Auto Finance; Secretary, Emile Blum, Maison Blanche Company; Treasurer, William F. Romair, D. H. Holmes Company Ltd.; and Advisory Counsellor, John E. Zimmermann, Ochsner Clinic. Directors: Richard Erickson, New Orleans Retailers Credit Bureau; Ralph M. France, Progressive Bank & Trust Company; Randall Lewis, Rosenberg's; Robert E. McCarthy, Vanguard Finance; Herbert E. Murphy, New Orleans Public Service; Robert G. Poche, Beach Brothers; Hugh F. Shall, Godchaux's; Walter J. Sarrat, Maison Blanche Company; and Paul E. Ricks, Beach Brothers.

Tacoma, Washington

At the annual meeting of the Tacoma Retail Credit Association, Tacoma, Washington, the following officers and directors were elected: President, Arthur Ackerman, Seaboard Finance Company; First Vice President, Lee Dolman, National Bank of Washington; Second Vice President, Frank Baskett, Baskett Lumber Company; Treasurer, Lou Parker, Bank of California; and Secretary, Mrs. Bertha Hamilton, Ward Smith Company. Directors: John Schlarb, Jr., Credit Bureau of Tacoma; Charles Buchanan, National Bank of Washington; Robert Coyne, Puget Sound National Bank; Mrs. Anna Mae Bod, Tacoma General Hospital; Len Medlock, George Scofield Company; Paul Young, National Bank of Washington; Mrs. Margaret Mitchell, Bon Marche; Ralph Bessett, National Bank of Washington; J. R. Turbak, Puget Sound National Bank; Russ Covert, Covert & Jensen; Mrs. Celine Walton, Bank of California; Oral Markward, United Mutual Savings Bank; Mrs. Ella Reese, Rhodes Brothers; Ken Platzter, Puget Sound National Bank; C. E. McClanahan, McClanahan's Furniture & Appliance Store; John Ward, Pierce County Federal Savings; Paul Palmer, National Bank of Washington; and Gene Tucker, Mt. View Development.

Seattle, Washington

The Retail Credit Association of Seattle, Seattle, Washington, has selected the following officers and directors for 1960: President, Kenneth H. McClelland, National Bank of Commerce; First Vice President, William M. Totten, Washington Mutual Savings Bank; Second Vice President, Robert E. Donnell, Hemphill Oil Company; Treasurer, Raymond C. Johanson, Frederick & Nelson; and Secretary, Myron T. Gilmore, Seattle Credit Bureau. Directors: Charles P. Higgins, Seattle-First National Bank; Charles W. Laurens, Best's Apparel; James E. Lee, Texaco; C. Wayne Shaw, Darigold Dairy Products; James H. Van Otegham, National Bank of Commerce; William E. Young, Pacific First Federal Savings and Loan Association; and John V. Kingsley, National Bank of Commerce.

Anniston, Alabama

The 1960 officers and directors of the Retail Credit Association of Anniston, Anniston, Alabama, are: President, W. T. Simmons, General Acceptance Corporation; Vice President, Herman Green, Anniston Housing Authority; Secretary, Carl L. Leslie, Leslie Furniture Company; and Treasurer, James L. Williams, Warnock Furniture Company. Directors: Jack Williams, Commercial National Bank; George A. Stanley, Credit Bureau of Anniston; Luther Lott, Farmer's Supply Company; Billy Bates, Alabama Power Company; and Charles Norris, Mutual Finance and Thrift Corporation.

**Clarksburg, West Virginia ordered a KIT
for National Retail Credit Week**



CREDIT DEPARTMENT *Communications*

LEONARD BERRY

BUSINESS LETTERS to be effective should be written with the confident expectation that the reader will willingly do as we suggest. We start with good ideas. Then, we clothe those good ideas in simple, convincing and friendly language. Finally, we observe the well-known and reliable formula; the attention-getting opening, the convincing reasons why, and the action-impelling ending. Attention. Interest. Desire. Action. Easy to remember—AIDA.

So far, so good.

We must keep in mind, however, that the reader might have some ideas on the subject too. The way must be kept open for the reader to feel comfortable and on safe ground in communicating *his ideas to us*. Otherwise our letters tend to be like a one-way street. Haven't you read letters heavily loaded with selfish "one way" thinking and stressing only the *writer's* problem? In effect, such letters say, "Here it is, take it or leave it." We have spoken!

This matter of *attitude* is at the very heart of good human relations in business communications. The best communications are those that create a wide, clear avenue along which ideas can travel *both ways*. Such letters bring results with minimum resistance being encountered and with maximum cooperation being engendered. This means much more than simply starting the letter with the unselfish pronoun *YOU*, although that is most desirable. It means more than writing a succession of sweet-sounding sentences, although they are influential and important. It means that the writer is filled with a genuine desire to find solutions to the reader's problems, and takes the time and effort to present those solutions in a thoughtful, considerate and constructive manner.

Of course, business letters cost money—anything from one dollar each upwards, depending on the salaries of dictator and transcriber. Letters are written to get results . . . for a specific purpose. So, we just cannot afford to write weak or indecisive letters. Sometimes it becomes necessary to state stern facts that no amount of "sugar" can sweeten.

Even then, letters should be "two-way." We can say things, and state cases, in a clear, concise and friendly manner. We can demonstrate to the reader that we have analyzed his problem carefully and have arrived at a proposed solution that has benefit in it for him. We must not slam the door tight against all possible reconsiderations, negotiations or compromises. Even the blackest picture can sometimes be lightened by the bright spirit of mutual give and take. It pays to leave at least one face-saving escape hatch open.

Before the reader believes what you say, he must believe in you. And, before he will believe in you, he must like you. And, before he likes you, you must give him reason to like you. We will more willingly do things for people we like, whereas often we stubbornly refuse to do things for people we do not like, even if what is requested of us is logically sound and eminently desirable.

This is where the matter of *attitude* comes in. The true

spirit of service must be radiated from the writer to the reader. When the reader senses that you are a friend, not an enemy, that you want to restore his self-confidence, not plunge him into deeper despondency, that you are offering constructive ideas, not destructive ones, he is far more likely to give close attention to what you say and make a more determined effort to comply.

The writer's mood when he writes the letter will largely create the reader's mood when he reads it. As the psychologists tell us, we are prone to respond in like manner to attitudes projected to us. We "feedback" precisely what is fed to us.

This Month's Illustrations



Illustration No. 1. Here is an appealing credit sales promotion letter written by the Chicago National Bank, Chicago, Illinois. It is interesting to note in passing, that some of the most imaginative and sparkling credit sales promotion letters these days come from banks. In this letter, for instance, the flow of ideas moves along smoothly and convincingly. The *YOU* approach is skillfully employed, as well as the effective "P.S." to highlight a particular point.

Illustration No. 2. From Madigan Brothers, excellent Madison Street, Chicago store, we have this "acceptance of new credit account application" letter. As should always be the case with "good news" letters, the welcome news is given prominence. This letter is commendably short; it packs a lot of information for the new customer in a few words. Note the distinctive letterhead *and* the inclusion of the telephone number! This is one of the rare occasions when we can say happily that *all* our letter illustrations include the firm's telephone number.

Illustration No. 3. J. A. White, Credit Sales Manager, The Fair Store, Chicago, reports excellent results from this admirable credit sales promotion letter. The letter is most carefully phrased so that no word is wasted and yet the overall effect is one of thoughtful and considerate service. Full credit sales possibilities should be taken of branch stores where they exist. New credit customers can select the branch store most convenient to their homes, and of course, shop at the downtown store with equal ease on the same credit account. Credit thus becomes an important linking device to associate the branch and parent stores in the customer's mind.

Illustration No. 4. Here we show three printed notices sent to us by Charles A. Stevens and Company, a famous specialty downtown Chicago store also having branches in outlying areas. Two of these are collection reminders and the third is part of a mailing piece to get the new credit customer's shopping plate to her with the necessary explanation and expression of thanks.

Chicago National Bank



116 SOUTH LA SALLE STREET - CHICAGO 26, ILLINOIS FINANCIAL 6-2700

RICHARD W. POOTE
Vice President

①

May 10, 1960

Dear Mr. Fargo:

Our newspaper ads bring us new customers every day of the year. And yet I sometimes wonder if this constant advertising doesn't lure us into a false sense of satisfaction . . . cause us to feel that everyone is familiar with, or at least aware of, our Personal Credit Department.

We know, of course, that over one million Chicagoans have borrowed from us and we find that a most gratifying approval of our service. But we must admit that there are other millions who are not acquainted with us . . . perhaps never heard of us.

That's why we have prepared the enclosed folder entitled "Always Ready to Help with Personal Loans". It's a brief, factual presentation of the ease of borrowing money from us. We hope you read it and we hope you retain it as a reminder of our desire to serve you.

The fact that we have served the financial needs of "over one million Chicagoans" helps prove our contention that no competing financial institution can combine our service with our low rate of interest on personal and automobile loans . . . helps prove our ability to serve you better and faster at low cost.

So, now that we're a little better acquainted, we ask that you write us, phone us or call us if ever or whenever you encounter need for money . . . Right now if you have an immediate need.

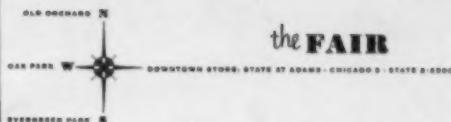
We assure you prompt, courteous, confidential attention at all times.

Sincerely,

Richard W. Poote
Richard W. Poote
Vice President

SWP:wb

P.S. Your entire loan transaction can be handled by mail if you use the enclosed application. For extra fast service, however, we suggest you phone Financial 6-2700 and ask for any of us in the Personal Credit Department.



the FAIR

③

Looking through our records the other day, we noticed that many of your neighbors are enjoying the convenience of a Fair Charge Account with Option terms. And because we are anxious to help make your shopping just as pleasant and easy . . .

We would like to open a Fair Charge Account in your name.

We cordially invite you to make The Fair your shopping headquarters. Our easy-to-reach downtown store is located at State and Adams. We also have three suburban stores for your shopping convenience.

The Fair--Oak Park store is at Lake and Marion, in the center of the shopping district. The Fair--Evergreen, our south side store is located at 98th and Western, in the heart of Evergreen Plaza. The Fair--Old Orchard, is at Skokie and Self Road, in the beautiful and spacious Old Orchard Shopping Center.

If a charge account interests you, please sign the enclosed acceptance card, and drop it in the mail.

Sincerely yours,

J. A. WHITE

J. A. White
J. A. White
Credit Sales Manager

JAVMD'S

Madigan Brothers, Inc.

Forty-third West Madison Street
Chicago 24, Illinois

Executive Office

Telex Bureau 6-5300

January 9th, 1960

②

We feel very proud . . .

to be able to add your name to our list of charge customers, and I want to take this opportunity to send you my personal welcome.

You'll find all of us at Madigans anxious to help make your shopping here as pleasant and profitable as possible. We hope you will put us to that test soon and often.

This is your store now . . . We try to keep every department "alive" with the newest and best merchandise . . . at price ranges to suit everyone. So we think you will find this the sort of place you can depend on for the things you need . . . for fresh ideas . . . and for a never-failing desire to serve you just a little better.

Thank you again for the privilege of opening an account for you, and I'm sure it will be a great source of convenience to you for many years to come.

Cordially,

J. D. Madigan

Our customers say they appreciate -

④

a reminder when their account becomes past due.

Your balance at this time is _____, and we know you will want to mail your check soon.

Very truly yours,

CHAR. A. STEVENS & CO.
Credit Department

If payment has been made in the last three days, please disregard this notice.

SECOND REMINDER

A good credit standing is important and we feel it our obligation to assist you in maintaining your good record.

Your account is now past due and we know that you will want to mail on your check today.

Very truly yours,

CHAR. A. STEVENS & CO.
Credit Department

If payment has been made in the last three days, please disregard this notice.



Chicago RAdephi 6-1508
Midland Woods Winnetka 6-1700
La Grange Park Flawood 2-2800



Now that your new Five-in-Charge account is open, we look forward to serving you effectively during the coming year.

We hope you will enjoy the many conveniences of your account - and will find it always a pleasant and satisfying place to shop.

If there is any way we can serve you better, please let us know; we would like you to feel that this is your store.

Your Five-in-Charge identification card is enclosed. Please sign it now so that it will be valid for use.

From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel

NATIONAL RETAIL CREDIT ASSOCIATION, WASHINGTON, D. C.



The Developing Picture on Controls: The eight Senators and eight Congressmen who compose the Joint Economic Committee (hereafter referred to as JEC) have not as yet issued their final report of findings and recommendations on the highly important ten-month study of "Employment, Growth and Price Levels," and have until January 31, 1960 to do so. Two developments within the last three weeks, however, give an indication of the tenor of recommendations to come.

First, there is the so-called "Staff Report," issued by the JEC December 24, 1959, which is a 488-page compendium of technical analysis, comment, findings, tables and charts on the materials and testimony received by the Committee in its investigation.

Second, there is the filing on January 7, 1960, by Senator Paul Douglas (D., Ill.), Chairman of JEC, of S. 2755, a bill destined no doubt to be called the "Finance Charges Disclosure Bill of 1960." The full title is: "A Bill—To assist in the promotion of economic stabilization by requiring the disclosure of finance charges in connection with extensions of credit."

The enacting clause of S. 2755 states that

the Congress finds and declares that economic stabilization is threatened when credit is used excessively for the acquisition of property and services. The excessive use of credit results frequently from a lack of awareness of the cost thereof to the user. It is the purpose of this Act to assure a full disclosure of such cost with a view to preventing the uninformed use of credit to the detriment of the national economy.

S. 2755 then provides for the issuance of rules and regulations by the Federal Reserve requiring "Any person engaged in the business of extending credit" to "furnish to each person to whom such credit is extended . . . the total amount of the finance charges to be borne . . . expressed in terms of simple annual interest." It provides for criminal sanctions for willful violation of not more than \$5,000.00 fine or imprisonment of not more than one year, or both.

This "Finance Charges Disclosure Bill" is co-sponsored by 16 Democratic and one Republican Senator. It may be of some significance that the lone Republican to associate his name with the bill so far, namely, Senator Bush (R., Conn.), is, with Senator Douglas, also a member of JEC. Also that Senator Bush has previously shown interest in the subject of consumer credit controls, both in the 85th and 86th Congresses. His pending bill, S. 63, which is a duplicate of S. 4289 in the 85th Congress, provides for the imposition of controls similar to "Regulation W."

The "Finance Charges Disclosure Bill" appears to indicate that its sponsors believe that consumer credit has been used "excessively," and that when so used "economic stability is threatened." However, this bill, rather than "Regulation W" type of control, seems designed to try out quite a new scheme, namely, by making the consumer more aware of the cost of credit, to encourage the market itself to allocate the use of consumer resources, money or credit as between purchase of durable goods, savings or other

possible choices. This appears to be the intended operation of the bill, inasmuch as it proposes that Congress make the finding that, "The excessive use of credit results frequently from a lack of awareness of the cost thereof to the user." In short, the theory seems to be: give the consumer a clearer picture of the cost of credit and he may alter the pattern of its use, allocating part of his credit spending power elsewhere, thus dampening the pressure of what is termed by the bill "the excessive use of credit," or "uninformed use of credit" "to the detriment of the national economy." It appears to be based on theories of "market allocation" discussed in the so-called "Staff Report" of JEC. However, the fault of this idea is that any such market allocation of use of credit will be but slight indeed, and, therefore, have little or no practical effect, conceding of course that any such scheme, aimed at market adjustment or market allocation, is justified in the first place.

The "Staff Report" however, seems also to foreshadow recommendations by JEC along the lines of "Regulation W." The report appears to reach the proposition of the alleged desirability or necessity for direct or selective controls by first minimizing the value of monetary controls as historically employed by the Federal Reserve, on the one hand, and of the application of fiscal policy (government expenditures, taxes and debt management), on the other.

With respect to fiscal policy the "Staff Report" states:

So-called traditional fiscal policy, relying on broad changes in the relative levels of receipts and expenditures, is poorly suited to deal with inflationary pressures originating in strong shifts in demand among sectors of the economy rather than in excessive total demand.

Among the many comments on the limitations of monetary policy, we find the following:

In the last few years, with the minor exception of controls over margin requirements for loans to purchase and carry securities, the Federal Reserve has relied exclusively upon so-called general or quantitative credit control instruments. These instruments include open market operations, changes in member bank reserve requirements, and changes in the discount rates charged to member banks for borrowing from the Federal Reserve. These controls are said to be general because they enable the System to control, at least approximately, the total supply of money and credit in the economy, but do not interfere with the allocation of credit among uses, which is left to the market to decide. Selective credit controls—of which the consumer credit controls used during World War II and on a few occasions since may be taken as typical—are designed to interfere with the allocation of funds without directly affecting the total supply available.

With a complex financial system such as ours, when the monetary authorities change the money supply a number of reactions tend to occur which weaken the effects of the action on aggregate demand . . .

. . . and finally the unevenness of the effects of monetary policy on different sectors of the economy (a) makes it difficult to proceed vigorously for fear of an undue impact on sensitive

Chicago Looks to the Future

CHICAGO has certainly changed economically and physically in the past two decades. A city that just 20 years ago had a population of 3,400,000 has grown to a present city population of 3,745,000. If we would include the suburban communities, our census figures would probably read 6,500,000. The growth of Chicago's banking system and their activity in consumer credit is consistent with the physical growth of Chicago.

The city, which has no branch banking, presently has 93 individual banks serving the commercial and consumer needs. With these banks competing for the consumer business, all of our

banks have tailored their services to meet the consumer's eye. Consumer credit outstandings in the Chicago commercial banks are now approaching the half billion mark.

New plans for merchandising our product such as revolving credit plans and charge account financing are being introduced by many of the Chicago banks. This has provided a stimulant to the competitive spirit of all money lenders and credit granters.

Chicago is now looking to a brighter horizon as a major world seaport. This has come about with the opening of the St. Lawrence Seaway. It is contemplated that this will open our

shores to the world and a tremendous influx of new business will be directed our way. This, of course, will bring more people who will buy and build more homes. The commercial banks will take a major part in building and furnishing the homes, providing funds for other allied major purchases and with revolving credit, provide convenience of borrowing for those expenditures which seem to confront everyone at one time or another. Chicago looks to a great future and the commercial banks are ready to meet the accelerated demands.—Raymond W. Foote, Vice President, Chicago National Bank, Chicago, Illinois. ★★★

John W. Gage Promoted

At a recent meeting of the Board of Directors, Pan American Bank of Miami, Miami, Florida, John W. Gage was elected Assistant Cashier and Manager of the Charge Plan Department of the bank. He has been with the bank since 1958 and is a graduate of the University of Miami. Their charge plan is one of the oldest of the Bank Charge Plans in existence in the United States.

Credit School at Baytown, Texas

Baytown, Texas, has conducted 30 adult education schools since 1949. The East Harris County Medical Assistants Society and the Medical and Dental Division of the Credit Bureau of Greater Baytown sponsored the 1959 course. Leonard Berry, Director of Education, NRCA, conducted the two-day school consisting of 48 students. The number of doctors and hospitals represented constituted over 75 per cent of the area. From the participation and comments received, the local association feels that this course rated high among all courses Baytown has been privileged to attend.

Earl Beard Promoted

Earl Beard has been promoted to senior vice president of the National Bank of Tulsa, Tulsa, Oklahoma. He is a past president of District Seven, NRCA; active in civic affairs in Tulsa; and led the 1959 Christmas seals drive. He has been with the bank since 1930 and is a graduate of the Graduate School of Banking, Rutgers University.

sectors, and (b) in light of the structure of the economy and the nature of present-day problems, renders exclusive reliance on general monetary controls an unsatisfactory way of achieving sound stabilization objectives.

Then as to direct controls—in seeming to make a strong pitch in favor of such controls, the report states:

Consumer credit and inventory investment have been destabilizing influences, and serious thought should be given to the development of effective controls in these areas.

General controls can exert some influence in preventing aggregate demand from growing too rapidly and in providing a monetary environment in which other policies can work effectively. Consequently, we will need to use them even if we decide to make greater use of selective controls.

The report discusses at length "market power"—the ability to hold or raise prices even in a period of recession. It states "... monetary policy cannot deal effectively with inflation resulting from the exercise of market power which

William O. Bollum

William O. Bollum, Secretary and Credit Manager, Coles Department Store, Billings, Montana, died January 3, 1960. Mr. Bollum, 70, had been a member of the National Retail Credit Association since 1918, and was an honorary life member. He was a director and officer of the Retail Credit Association of Billings and had been active in credit activities in Billings and Montana for over 40 years. He also had been active in Masonic and Shrine groups and was a past potentate of the local Shrine.

J. Anton Hagios in New Position

J. Anton Hagios, for the past 16 years executive manager of the Newark Downtown Association, Newark, New Jersey, is now Executive Vice President of the Newark Association of Commerce and Industry. This organization was formed as a result of a merger of the Downtown Association and the Chamber of Commerce. Mr. Hagios was the recipient recently of a citation for distinguished civic leadership.

National Retail Credit Week

National Retail Credit Week will be held April 24-30, 1960. A kit containing ad mats, radio spot announcements, newspaper editorials, etc., has been prepared in promoting the Week. To secure one of these kits fill out the coupon on the back cover of this issue of *THE CREDIT WORLD* and send it to the National Office today.

keeps prices and wages from falling or forces them up unduly. If we really want to deal with this kind of inflation, we should strike at market power directly." Therefore, the report continues:

A vigorous antitrust program is the most preferable method for reducing the impact of market power. By making the economy more competitive, antitrust activities serve not only to reduce inflation; they also help encourage a more rapid rate of growth. ... If the antitrust approach is to be relied on, it must be considerably strengthened.

As if the subject of antitrust was being coordinated by a single agency, Attorney General Rogers released an announcement on January 12 calling for a "National Conference on Consumer Protection" to be held at the Department of Justice on March 10 and 11, 1960, "to consider the broad range of problems involved in consumer and investor protection with particular reference to problems of antitrust enforcement." ★★★

"PROJECT PUSH" Honor Roll

Listed below are cities reporting ten or more net new members from June 1, 1959 to December 31, 1959. Colonels Sheldon and Wolfinger award "A's" to outstanding Credit Bureaus for services to "Project Push." Encourage your credit bureau to enroll new NRCA members today.

DISTRICT I

Massachusetts

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Quebec, Canada

R. J. Cormier, Mgr., Credit Bureau of Three Rivers

DISTRICT II

New York

Rudolph Severa, Exec. Mgr., Credit Bureau of Greater New York, Inc.

DISTRICT III

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Martina H. Virgin, Mgr., Credit Bureau of Gainesville, Inc.

Charles E. Moorman, Exec. Vice Pres., Credit Bureau of Jacksonville

William V. Downer, Mgr., Credit Bureau of Holiday Isles, Inc., Madeira Beach

James C. Herren, Mgr., Credit Bureau of Greater Miami

Marian A. Boss, Mgr., Credit Bureau of Greater Tampa Georgia

Frank G. Mewborn, Pres., Credit Bureau of Atlanta, Inc.

North Carolina

Lillie S. Collier, Mgr., Credit Bureau of Goldsboro

South Carolina

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Audrey C. Bittle, Mgr., Credit Bureau of Knoxville

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W. W. Vine, Secy.-Treas., Credit Bureau of Bristol

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Richard G. Bennett, Mgr., Credit Bureau of St. Joseph County

Ohio

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Gordon W. Gray, Secy., Credit Bureau of Cleveland, Inc.

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Manitoba, Canada

S. E. Masson, Mgr., Credit Bureau of Winnipeg

Minnesota

Ray E. Gorsuch, Mgr., Credit Bureau, Inc., Winona

DISTRICT VII

Missouri

A. L. Dye, Mgr., Credit Bureau of Greater Kansas City, Inc.

Eugene Meluney, Secy.-Mgr., Credit Bureau of St. Joseph

William F. Tobin, Mgr., Credit Bureau of St. Louis

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Texas

Ruth Apple, Mgr., Credit Bureau of Greater Big Spring

Daysie H. Byer, Mgr., McCulloch County Retail Merchants Association, Inc., Brady

Briscoe Wilder, Mgr., Credit Bureau of Harlingen

Vivian Stone, Mgr., Dawson County Credit Bureau

Mrs. Carl Erman, Mgr., Credit Bureau of Longview

Earl E. Kerr, Mgr., Retail Merchants Association, Lubbock

Violet Odum, Mgr., Credit Bureau of Mid-County, Nederland

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Colorado

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New Mexico

Chapin S. Carnes, Pres., Credit Bureau of Albuquerque

Utah

William S. Asper, Gen. Mgr., Credit Bureau of Salt Lake City

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Idaho

Sterling A. Jensen, Mgr., Credit Bureau of Idaho Falls, Inc.

Montana

Dwight I. Bramble, Mgr., Credit Bureau of Glasgow

Oregon

Mrs. C. J. Steingraber, Credit Bureau of Harney County, Burns

J. D. MacEwan, Mgr., Retail Credit Association of Portland, Oregon, Inc.

Saskatchewan, Canada

W. J. Wilson, Mgr., Retail Merchants Credit Reporting Bureau, Saskatoon

Washington

Reinhart Klein, Mgr., Credit Bureau of Auburn-Kent

Helen B. Sawyers, Mgr., Credit Bureau of Snohomish Co., Inc.

E. De Witt, Mgr., Seattle Credit Bureau

John Schlarb, Jr., Mgr., Credit Bureau of Tacoma

E. W. Rongren, Mgr., Credit Bureau of Yakima

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California

E. F. Hodge, Exec. Mgr., Credit Bureau of Yuba-Sutter Counties

William L. Pickens, Mgr., The Credit Bureau of Modesto

R. C. Edwards, Secy.-Mgr., Credit Bureau of The Greater E. Bay

Archie L. Casteel, Secy.-Mgr., Riverside Business Men's Association

E. F. Hodge, Secy.-Mgr., The Credit Bureau of Sacramento Co., Maryville

Frank T. Caldwell, Gen. Mgr., The Credit Bureau of San Francisco, Inc.

Hawaii

Ralph S. Hirota, Sec., Credit Association of Kauai

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Charles F. Roycroft, Gen. Mgr., The Credit Bureau of Baltimore, Inc.

Pennsylvania

H. Lorry Grey, Mgr., Credit Bureau of Easton

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The CREDIT CLINIC

A "give-and-take" page, wherein readers may ask—and answer—questions about their credit and collection problems and solve them in the laboratory of practical experience.

Small Stores

QUESTION

"What is the best way of declining an application for credit?"

ANSWERS

Albert P. Bantham, Manager, Credit Bureau of Schenectady, Schenectady, New York: I would emphasize: tactfully. Whether by letter or interview, the store regrets that it cannot, based on the information available at that time, extend the desired credit. Should conditions change, the store will always be happy to review the record, and it hopes that the answer can be "yes." In the meantime, the store will be pleased to do business on a cash basis, or arrange for a lay-away. *How* it is said is as important as *what* is said. This is especially true when the applicant is present. One can be firm without being brusque. Sympathetic understanding can soften the blow, help to "save face" for the applicant, and help to hold good will for the store. The tone of voice, the general demeanor, the extra minute to listen . . . all can aid. Even though the applicant's past or current record is sub-standard, future circumstances may make the account desirable. It is important to be in a position to secure it.

Darcy D. Childs, Manager, Credit Bureau of Topeka, Topeka, Kansas: There are many reasons for declining an application for credit. The method of turning down the application would, in our opinion, depend upon why it was necessary to reject the new account. For example: If the credit information indicated the applicant had a reputation of avoiding his obligations, the credit manager could use the timeworn, but effective phrase that his credit record did not meet the requirements "set down by our company." On the other hand, if the applicant appears to be overloaded, but honest and courteous, and expressed the genuine desire to improve his credit, we feel that the credit manager should counsel the individual and make suggestions that will enable him to improve his credit standing, and we feel that the credit manager's interview should be terminated by inviting the customer to drop into his office from time to time to report his progress, thereby leaving the door open to opening his charge accounts when he is in a better financial condition. In all cases, we feel that a charge account should be rejected with courtesy and tact. Who knows, the credit reject of today may be the good charge account customer of tomorrow.

Charles D. Dibrell, Manager, Credit Bureau of Nashville, Nashville, Tennessee: There is no "best" way, but possibly some ways are better than others. The most difficult task facing the person responsible for extending credit is how to say "No" and still retain the good will of the applicant toward the store or firm you represent. When you find it necessary to refuse credit to an applicant whose payment record is unsatisfactory, you must say "No" as diplomatically as possible. You must be able to say "No" in just as pleasant a manner as you say "Yes." You must be

able to decline a request in just as gracious a manner as you grant one. Of course, before an account is declined, credit sales managers will explore all possibilities of saying "Yes." Certainly you should call the customer on the phone to suggest the next time he is in the neighborhood to stop in for a more complete discussion of the matter. More often than not the undesirable credit risk will simply accept this as a form of refusal and not bother to come in. While this may not be very brave, it may save a lot of hard feelings. Then too, we should not forget that many times if a person does come to your office he may be able to give you additional information that will enable you to extend some, even though it may be limited, line of credit. The credit sales manager must remember that sometimes personal finances take drastic and sudden changes. Sometimes a person of good character will be faced with severe and unanticipated money problems, and despite good intentions cannot pay bills on time. It is a mistake to close the door tightly on this customer for a year from now you may be glad to accept the account. In the meantime, frank discussion of the applicant's problem may retain his cash patronage for your store. Above all, end the conversation on a cordial note and with renewed attempts to "sell" the store's other services on a cash basis.

Richard P. Erichson, General Manager, New Orleans Retailers' Credit Bureau, New Orleans, Louisiana: My thoughts may not be too usual. I say this because of the variation in bureau policy from city to city in connection with interviewing the public. Assuming, however, that the bureau policy in connection with this matter would be a liberal one, I believe that the following approach, though perhaps not the best is at least a good one. Declination of an application for credit is a sensitive thing at best. No matter how skillfully words are employed, and no matter how gentle an approach might be, the inescapable fact remains that the customer's pride will be hurt. In my opinion, too much emphasis has been placed on the alleged need for sweet diplomacy. As in all dealings with applicants for credit, the manner and the attitude should be courteous, but more important, the matter should be handled swiftly and the point should be made almost immediately and without too much preamble. There are exceptions to every rule, but in my opinion, the approach basically should be as follows: "Frankly, Mr. Customer, we are declining your application because your record does not meet our standards. We do not want you to consider that this is an irrevocable refusal. We believe it would be a good thing if you were to visit the credit bureau and discuss with them what ways or means are available to you for improving your credit history." As you well know, many bureau managers (and perhaps you could even say the credit bureau industry) for many years have been attempting to educate credit granters not to put the onus on the credit bureau. I agree with this, of course. Certainly, the implication should not be that the credit bureau has rejected the account, but only that the credit bureau can counsel the applicant about his problem. The approach that I recommend, in summary, accomplished the follow-

ing: One. Treats the customer honestly. Two. Leaves the door open for reconsideration. Three. Gives the customer a possible avenue for corrective action.

James C. Herren, Manager, Credit Bureau of Greater Miami, Miami, Florida: Declining an account is often difficult and calls for the utmost diplomacy. When you cannot extend credit, you certainly want to retain the applicant's good will and sell him on a cash basis, if possible. Never tell the customer what information you have or where you obtained it. Successful credit sales managers have developed a technique whereby they explain to the customer that they do not have sufficient basis for credit at the moment but will be glad to consider again at a future date. This explanation usually involves applications indicating unstable employment, overloading, or recent financial reverses which need clarifying. Never tell an applicant that the credit bureau says his credit is "no good." Should the report show slow pay and other derogatory information, it is best to explain to the customer that you are unable to approve his application. Should he demand further details, do not volunteer information, but ask him if he had ever had any slow accounts or accounts placed for collection. Usually the customer will admit these past accounts, but on some occasions will not. Should he insist that he has no knowledge of such accounts, explain that you will check any further references he will give and contact him in the near future. Credit bureaus operate under the law of privilege and are accorded immunity from legal liability in varying degrees in most jurisdictions where information is requested from a credit granter on a pending application. To pass on this information to the person reported on or to some third party is considered to be a re-issue or re-publication of the information, which may not be privileged. Such handling of privileged information might submit the person revealing the information to a libel suit. Most credit reporting agreements or member contracts carry stipulations that all reports will be kept confidential and that no information will be revealed to the person reported on, or to any other person, except those directly passing on the transaction, and that of course, the information can not be guaranteed. Some credit bureaus handling collections do welcome the opportunity of seeing the customer and reviewing his credit record, but most credit bureaus operate under the procedures outlined.

M. J. McCuaig, Assistant Manager, Credit Bureau of Winnipeg, Winnipeg, Manitoba, Canada: The small store policy on declining accounts cannot be the same as that of the large department store. Their relations with the customer are on a more personal basis and consequently, they are in close contact with him, when he is shopping in their store. A customer should never be declined by phone. The common method is by letter or a personal interview with the customer. Most people are not satisfied unless they have a reason for being rejected. Unfortunately, some stores close the door forever on people by the use of "your credit is no good." This is an easy way out, but it does nothing for future business. A diplomatic and courteous method is the ideal solution. The situation when declining should be the same, as when the application was taken, i.e. privacy, courtesy and an attempt to retain good will. The basic explanation can be used; "Thank you for the application, we are sorry we cannot accommodate you at the present time, as we do not have sufficient credit information." If a credit bureau has been used, the subject should be directed to the bureau, who are in a better position to satisfy the customers as far as a reason is concerned and at the same time, the bureau can obtain explanation for poor accounts, correct any misinformation on file, and generally counsel a person regarding his credit

standing. Under no circumstances should the credit report be discussed with the customer. Instances occur where a customer is referred to the credit bureau, has offered reasonable explanations or proof of error, and can be taken on and prove to be an A-1 account. By being diplomatic, the store not only retains a satisfied customer but furthers itself through public relations.

L. A. Roos, Manager, Credit Bureau of Leesburg, Leesburg, Florida: First, no generalization will do as an answer to this . . . broadly speaking, credit applications fall into three categories: Chain stores, independents and professional accounts. In connection with the first: "Sorry we are unable to develop enough information on you to meet our company requirements" . . . then in case of a demand to know more about it, "I will be glad to send this to our home office and inquire for you, is there anything particular you want to know?" This will almost invariably solve the problem for the local chain store manager. If not, refer them to the credit bureau. In connection with the independent who cannot fall back on the "Home Office" routine: "Sorry, we cannot open an account for you at this time, due to limited capital we are forced to restrict the opening of new accounts at this time" . . . then if pressed further . . . "We cannot discuss your credit report with you, only the manager of the credit bureau can do that. If you wish, you may go to the credit bureau if you think something is wrong with your report." In connection with doctors, dentists and hospitals . . . each of these should have a conspicuous sign reading "Unless arrangements are made for credit, payment is expected before leaving." Obviously hospitals should require an admission deposit, based on the probable amount of the bill, the insurance involved and the credit standing of the patient. Patients should be given every assurance their insurance papers will be handled for them but that non-payment by the insurance company is no predicate for not paying the bill. The credit bureau should never be used as a "Whipping Boy" for turning down credit, especially if a report has not even been obtained. However, when no other avenue is open, then resort to the "See the manager of the bureau" routine. While it is in no sense the obligation of the bureau to assist in turning down accounts (the bureau's function is to supply information) nevertheless, based on common sense in a given instance the bureau manager should be willing to assist and cooperate in a troublesome situation. Finally, do not put the bureau manager at a disadvantage by "muddying up the water" with a half-way discussion of the report. Leave that to the bureau manager, and . . . when you know a troublesome character is headed for the bureau, call the manager and warn him so he may have the file handy and be as prepared as possible to handle the matter.

Medical, Dental And Hospitals

QUESTION

"How soon should accounts be turned over to a collection agency after we have lost contact with the patient? Should these accounts be charged off?"

ANSWERS

J. Bilger Bronson, Credit Manager, Rochester Regional Hospital Council, Inc., Rochester, New York: It is our feeling that an account that has not had some activity, such as payments or phone calls, should be turned over to an outside agency after 90 days. I realize

that this is moving fast for hospitals and clinics, but in view of the number of "skips" that we seem to run into (and they increase each month) I do not think 90 days is too soon. I would qualify it though, if necessary, that it is a "must" within six months, as whoever is handling the accounts must realize that their value goes down very fast. As far as charging off accounts at the time they are turned over to an agency, I know from our own experience at the Council that some hospitals do and some do not. It is my feeling that it is better to charge these accounts off at that time and any money recovered should be credited to bad debts recovery, and in our State especially it is necessary that any payments be posted to the individual account. It is my feeling that to handle the problem this way, the financial officer has a much smaller file to work with and can keep track of the newer accounts.

Paul A. Hayden, Assistant Administrator, The Children's Hospital, Akron, Ohio: Too often our credit departments get involved in tracing accounts that should have been referred months ago to the collection "experts." In the meantime other good accounts are "molding" in the files waiting for action. Therefore, accounts should be referred to the collection agency immediately after contact is broken. These same accounts should be "charged off" before sending them out for collection. Otherwise your active file is in a state of confusion.

Frances M. Hernan, NRCA Field Lecturer in Medical Credits, Brookline, Massachusetts: It is my feeling that accounts should be turned over to the local credit bureau as soon as contact is lost with patients rather than mark them off. The local credit bureau has many more avenues through which to trace people than an individual hospital or doctor's office. Why was the contact lost? Was it because sufficient information or references were not taken at time of admission? Every lost contact is not necessarily a skip. In these changing times, executives and employees are sometimes suddenly transferred to an out of state office of their company. They notify the telephone and other utility companies, the post office, milkman and their newsboy. However, in their hurried move, getting settled in a new environment and home, and placing the children in school, some things are forgotten such as forwarding their new address to the hospital. On the other hand, if a patient proves to be a vagrant with neither a permanent address nor employment, of course the account should be marked off immediately.

Mrs. Jean V. Lansing, Credit Manager, Albany Hospital, Albany, New York: When contact with the patient is lost, the account should be referred at once to a collection agency; assuming of course that the amount involved warrants such a step. At Albany Hospital, the minimum amount referred to a collection agency is \$20.00. Accounts less than that amount are charged off. By "lost contact" I assume we mean "skips" and "unable to locate." Before resorting to a collection agency, the credit bureau should be contacted so that they may be alert to the circumstances and also perhaps they may be able to locate the individual.

Frank D. Luran, Hospital Service Association of Western Pennsylvania, Pittsburgh, Pennsylvania: I can interpret the question in two ways. We may assume we have "lost contact" with an account, if we cannot get any replies to our collection notices or telephone calls. In such cases, I feel an account of less than \$200.00 might be worked over for as long as five months after discharge from the hospital. However, if the debit is greater than \$200.00, and if special collection efforts have been fruitless, the account should be turned over to a collection

agency not longer than ninety days after discharge. If we assume that we have "lost contact" because our final bill, or one of the subsequent collection notices, has been returned by the post office as having moved, I suggest prompt review of available credit and/or admitting information. If no leads are furnished, or no results secured by telephone calls to neighbors or the attending doctor or the employer, the account should be turned over to an agency without concern for time limit. If the balance involved is \$10.00 or less, I turn the account over for collection without expending time or money in tracing.

Mary Ann Learned, Office Manager, Missouri Baptist Hospital, St. Louis, Missouri: It is the policy of our hospital to turn accounts over to a collecting agency immediately after contact has been lost. There are several reasons why this action is best. First, most hospital credit offices have other tasks besides credit and therefore, are unable to have adequate collecting facilities for skip tracing and follow-up procedures. "Hit while the iron is hot" is a good motto because when you fail to locate and contact people on the move, you have lost contact. Second, in this day of rising costs, we are all economically minded and know that if uncollectable accounts are turned over to a collecting agency immediately after contact is lost, the debtor usually can be located more rapidly through the collector's resources and thus the cost of collection is much lower as the time element is an important factor in determining the cost of collection. Our policy at Missouri Baptist Hospital is to charge off accounts to our reserve for bad debts immediately when we consider the accounts uncollectable and turn them over to a collecting agency. We feel that to carry these accounts as receivable would not be a true picture of our accounts receivable. When payment is realized from our collectors, we credit our reserve for bad debts. In no instance do we consider any part of bad debts as free or charity work.

Robert Masterson, Baylor University Hospital, Dallas, Texas: We suggest the account be charged off at the time the patient or responsible party's whereabouts cannot be determined. Our charge offs are conducted in monthly intervals. Of course, this activity is clearly recorded on the financial record as an aid to later collection efforts. A collection agency should receive this category of charge off without delay for there would appear to be no justification in suspending the account for any further period of time allowing the patient multiple relocations and adding age to the account to hinder collection.

Vincent L. Meyer, Business Manager, The Sheboygan Clinic, Sheboygan, Wisconsin: Taking steps to trace the debtor as soon as the correct address becomes unknown is paramount to implementing the collection. Return mail should receive priority handling at all times in a credit office, and every possible lead should be followed up in tracing the debtor. It has often been said that no person can disappear completely from the face of the earth without leaving some trace of his or her whereabouts. The creditor, therefore, will use all of the ingenuity at his disposal to close in on such a problem. If the creditor faces the tracing problem realistically, he will anticipate the need for advance information on all patients which can be used effectively when the debtor moves. Probably the most effective approach for securing this information is to have the new patient complete an "Information for the Registrar" form upon entering the doctor's office. The completion of such a form will provide such information as age, previous address, name and address of nearest relative, employment and occupation. Frequently, a debtor will move to another address and will notify the post office of the change so that mail can be forwarded, even though

the creditor is not properly notified. When the creditor has reason to suspect that the debtor has moved, the Postal Department will permit the mailing of an unsealed communication, second class matter, three cents postage, which calls for the return of the correct forwarding address on Post Office Form 3547. It is hardly necessary to repeat that if all effective procedures have been followed to locate the debtor without success, it is certainly a part of proper business procedure to turn the account over to a collection agency without delay to provide for a personal investigation leading to location and collection. The policy of charging accounts off is a matter of individual concern and depends on the type of bookkeeping system being used. If the books are on a cash basis, the account can be written off when it has been determined that it cannot be collected.

Stephen F. O'Connor, Business Manager, St. Mary's Hospital, East St. Louis, Illinois: Hospital policy would prevail. Assuming this to be a flexible policy, it would depend on the amount due whether it would be charged-off, or given to a collection agency. A small amount turned over to an agency could cause irreparable harm to public relations, while a large amount . . . in many instances . . . can strengthen public relations because it denotes efficiency and businesslike administration. An account should be charged-off when it is determined that the patient cannot pay without creating an extreme hardship on the family. If, however, it has been fully determined that the account can be paid, it should be turned over to the collection agency immediately after contact has been lost with the patient.

Allen J. Perrez, Jr., Administrator, Medina Memorial Hospital, Medina, New York: It is suggested that when

a hospital or medical agency has lost definite contact with a patient and has exhausted every means of attempting to skip trace, the account then should be turned over to the collection agency, in the amount acceptable by that agency. These accounts should be handled in accordance with the hospital or medical agency's policy with regard to being charged-off. I feel that all collection accounts should be charged either to a collection account or as a bona fide bad debt entry.

John A. Ward, Director of Credit, Lovelace Clinic, Albuquerque, New Mexico: The time element of turning accounts over to a collection agency where contact has been lost with the patient, would depend, to a great extent, with the individual case. If the patient has received one or more monthly statements then I think the account should be turned over rather quickly. If on the other hand, the first monthly statement is a mail return, then I would allow sufficient time for the patient to write for his correct amount due. Many times, when a family moves, they fail to leave a forwarding address with the post office. If an account is turned over too quickly to a collection agency, it might prove very embarrassing—especially with a good client. In the event the credit background of the debtor is rather shaky—that is, many addresses, frequent changes of employment, etc., than I think it would be advisable not to wait too long before releasing the account to an agency. If an account has a small balance it would probably not be profitable for the agency to expend much time or expense trying to collect the account. In this instance, perhaps it would be advisable to charge off the account at once. Larger balances, of course, should be turned over to the collection agency and every effort made to collect them before charging them off to bad debts.

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